



Rostelecom

GEARING UP FOR THE FUTURE

Sustainability Report 2022

Content

1

1. ROSTELECOM TODAY

1.1. Company overview	8
1.1.1. Key 2022 figures	9
1.1.2. Indices and ratings	11
1.2. Chairman's statement	13
1.3. Letter from the President	16

2

2. STRATEGIC VISION

2.1. Our approach to sustainability	22
2.2. United Nations Sustainable Development Goals	24
2.3. Stakeholder engagement	40
2.4. Engagements during the Report's preparation	48

3

3. E — ENVIRONMENTAL

3.1. Our approach	54
3.2. Environmental initiatives	59
3.3. Waste management	60
3.4. Emission management	62
3.5. Water consumption	64
3.6. Area improvements	65
3.7. Digital solutions	66
3.8. Energy efficiency	68
3.9. Occupational safety	76

4

4. S — SOCIAL

4.1. For customers, for society, for the nation	80
4.1.1. Our approach	80
4.1.2. Digital service ecosystems	88
4.1.3. Contributing to the digital economy. Bridging the digital divide	92

5

5. G — GOVERNANCE

5.1. Corporate governance	168
5.1.1. Corporate governance system	168
5.1.2. Governing bodies	175
5.1.3. Control bodies	189
5.1.4. Remuneration	191
5.1.5. Information disclosure	197
5.1.6. Securities and shareholder and investor relations	198
5.1.7. Risk management	202
5.1.8. Responsible supply chain	208
5.1.9. Protection of human rights	222

6

6. APPENDICES

01 ROSTELECOM TODAY



1.1. Company overview



Rostelecom is Russia's largest integrated provider of digital services and solutions operating in all segments of the telecommunications market. The Company serves millions of households, public entities, and private enterprises.

The Company is a key participant in the Digital Economy of the Russian Federation programme, implementing nationwide technological and IT projects, and opening up new opportunities in all areas of Russian citizens' lives.

114,988

EMPLOYEES IN THE ROSTELECOM GROUP

Rostelecom continuously expands the penetration of its networks and services, pursuing projects and programmes that make a difference across Russia. With a unified approach across all regions, we can deliver large-scale and highly efficient projects. We focus our efforts on ensuring digital equality and affordable communications not only in cities but also in the most remote and the smallest communities.

Rostelecom Group comprises 65 regional branches and over 200 subsidiaries and affiliates engaged in providing services across Russia.

1.1.1. KEY 2022 FIGURES

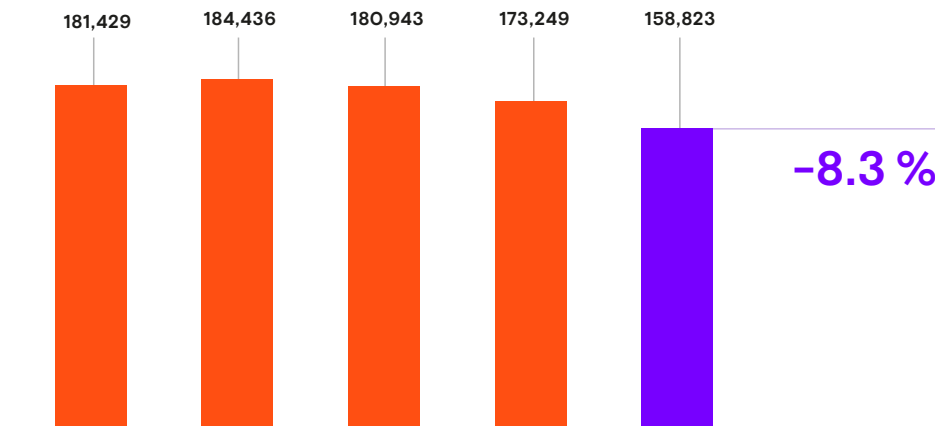
Rostelecom conducts its business responsibility, as telecom services have a wide-ranging impact on many aspects of public life.

Our progress on key sustainability performance metrics is detailed below. For additional metrics and comments on progress, see respective sections of this Report. Key operational metrics can be found in our Annual Report.

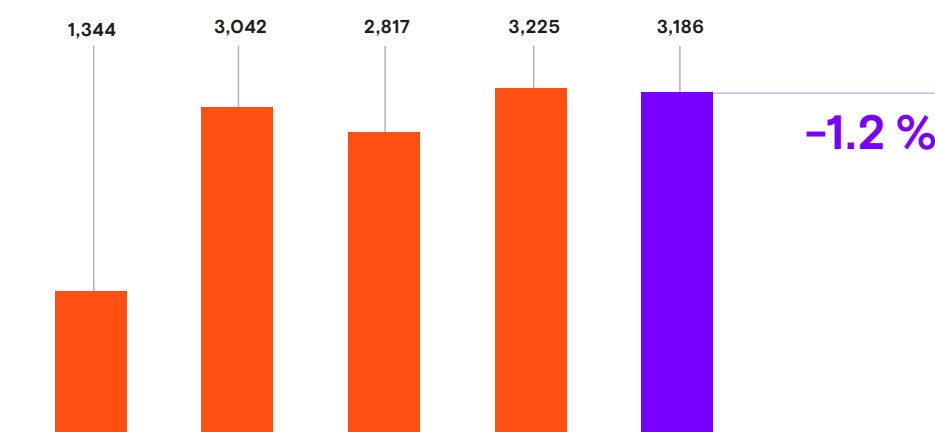


Planet

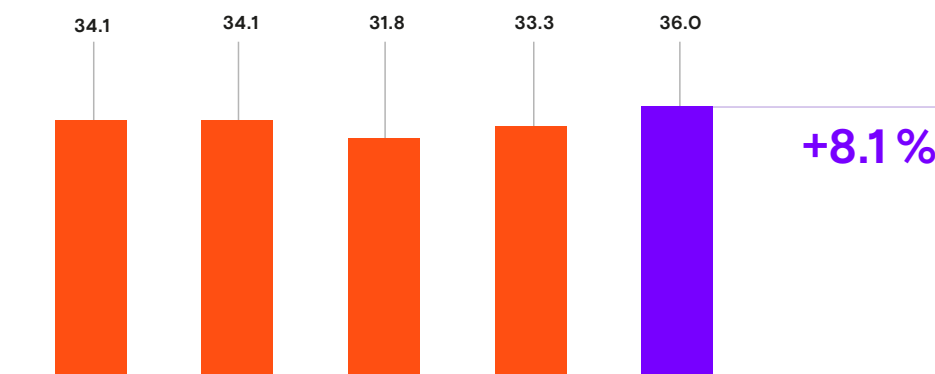
Direct (Scope 1) GHG emissions, tonnes of CO₂ equivalent



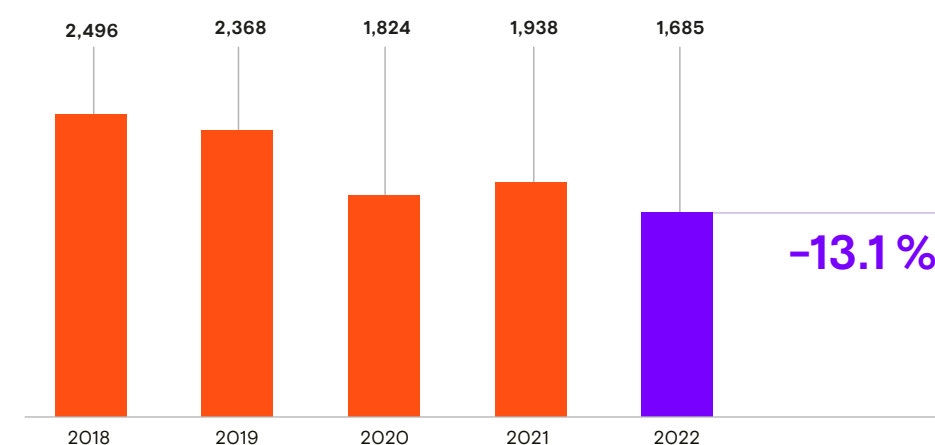
Energy consumption, GWh



Waste generated, thousand tonnes

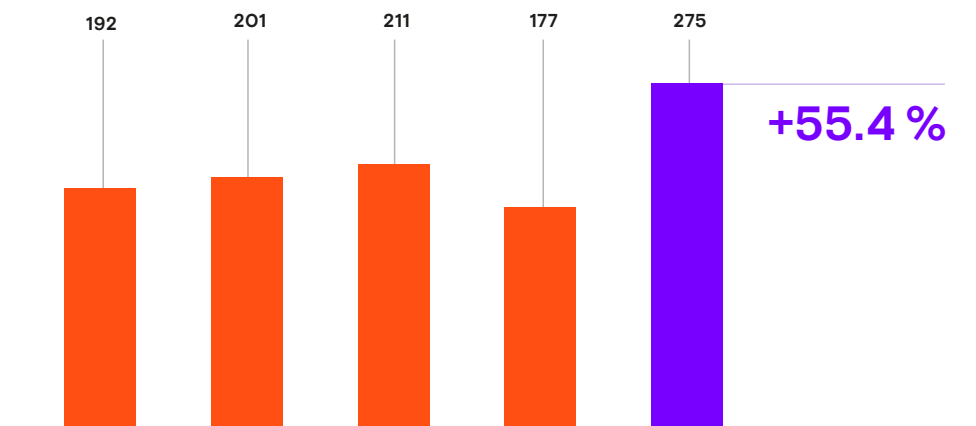


Water withdrawal, thousand cu m

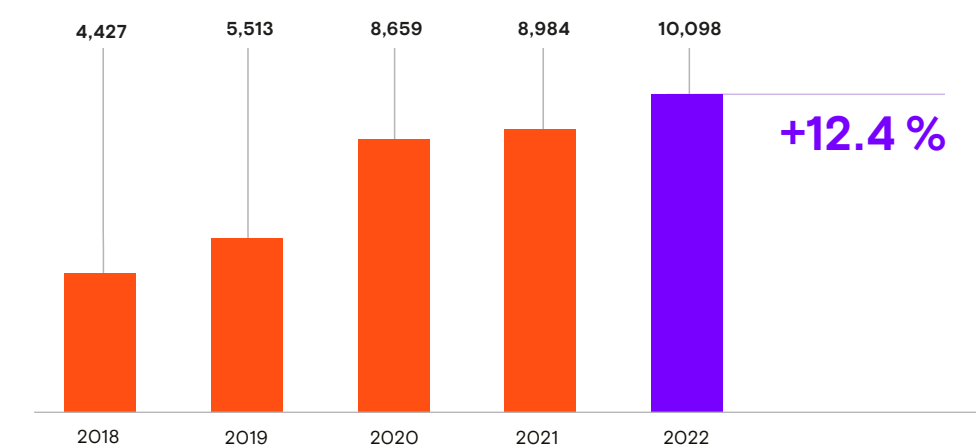


Society

Charity expenses, RUB m



Income tax, RUB m



1.1.2. INDICES AND RATINGS



Rostelecom is included in the Sustainable Development Vector Index of the Russian Union of Industrialists and Entrepreneurs.



Rostelecom ranked 41st in the ESG ranking of the independent European rating agency RAEX-Europe. The agency's current ranking includes 160 Russian companies.



Rostelecom made it to the top of the Corporate Philanthropy Leaders rating (Group A) for its performance in 2022. The competition is held by the Donors Forum with the support of Russia's Federation Council, Ministry of Science and Higher Education, Ministry of Culture, Ministry of Economic Development, and RSPP among other partners. The Company won the Best Corporate Social Investment Programme in the Area in the Terms of Sustainability and Business Strategy category with its Digital Region 2021-2023 programme to digitalise the economy and social sphere as well as public and municipal administration across the Russian regions.



Rostelecom's ABC of the Internet project became the champion at the World Summit on the Information Society Prizes 2023 in the AL C4 category: Capacity Building (Action Line C4 Capacity Building).

1.2. Chairman's statement



Dear Shareholders,

Over the course of 2022 Rostelecom continued to deliver on the corporate Strategy 2025, cementing its leadership across core markets and developing the priority business segments.

The Company remains the flagship of the Russian telecom industry both by volume and the quality of services provided to society, businesses, and the state but also in terms of contribution to developing a nationwide digital environment and designing unique Russian products and services. As such, Rostelecom has already become the partner of choice for leading government and business customers as well as for a vast number of households across Russia.

Our choice of development areas has proven successful as witnessed by the steady rise in the key performance metrics from revenue to profitability. Even amidst the unprecedented pressure on Russia and the industry in 2022, Rostelecom demonstrated sound progress in the most innovative and promising market segments, creating new products and services and ensuring seamless operation of critical infrastructure.

For many years, we have been the government's key partner in implementing the Digital Economy programme. Throughout 2022, Rostelecom provided data services for previously connected social infrastructure facilities and continued installing base stations under the second phase of the Bridging the Digital Divide project.

In 2022, we ensured video surveillance and online broadcasting services at the primary and secondary periods of the Unified State Examination by using over 132 thousand cameras to support seamless data transmission and providing a secure single data network for educational institutions. Other projects of Rostelecom included the continued development of the Unified Biometric System.

Our digital projects for various sectors of the economy and the public administration change the lives of millions of people for the better and contribute to the improvement of the existing telecom architecture, boosting information security, bridging the digital divide, and bringing communications services and internet access to public authorities, local governments, healthcare facilities, and other social infrastructure facilities.

At the end of 2022, Rostelecom telemedicine services were successfully delivered in 16 regions of Russia, with over 100 thousand consultations provided in total. Over 8,000 new CCTV cameras were connected, over 1,000 new traffic enforcement cameras were installed, and 22 new weigh stations were built during the year.

As one of Russia's largest employers, Rostelecom is committed to providing comfortable working conditions for its people and the Company creates opportunities for development and self-fulfilment. During 2022, Rostelecom's labour costs exceeded RUB 111 billion while occupational health costs came in at RUB 934.5 million.

>111

RUB BN ROSTELECOM'S
LABOUR COSTS IN 2022

We consistently invest in human capital development, all the more so, because today progress in areas that are key to the business and the industry is driven by the most talented and motivated employees. Rostelecom provides its employees with a wide range of training programmes and drives labour productivity by improving working conditions and by implementing social support and process digitisation programmes. In the course of 2022, the Company invested RUB 456 million in employee training.

132

THOUSAND CAMERAS WERE USED TO SUPPORT SEAMLESS
DATA TRANSMISSION DURING THE UNIFIED STATE EXAM

Rostelecom has been successfully adopting sustainable business development practices and using advanced technologies to train employees and educate customers as well as protect the environment and better the well-being of society. Rostelecom strictly complies with all applicable laws, the Company is guided by the principles of transparency and accountability and is committed to ethical stakeholder engagement.

Rostelecom seeks to reduce its environmental footprint and foster an environmental culture in society. During the year, the Company invested RUB 175 million in environmental projects and activities.

175

RUB M INVESTED IN ENVIRONMENTAL
PROJECTS AND ACTIVITIES

On behalf of the Board, I would like to thank my colleagues and all of Rostelecom's employees for their outstanding performance. The direction that we have set – to grow Rostelecom into a leading integrated provider of digital services and products and a premium partner for all customers – will remain unchanged in the coming years.

Sergey Ivanov. Chairman of the Board of Directors PJSC Rostelecom

1.3. Letter from the President

Dear Shareholders, Partners, and Colleagues,

Over 2022, Rostelecom's team continued to work hard, delivering steady growth in key financial and operational performance metrics.

More crucially, we maintain the high quality of the services and proprietary products we provide to our customers, confirming our status as an industry leader, Russia's largest integrated provider of digital services and solutions and a reliable partner for society, businesses, and the state.

In the course of 2022, Rostelecom's revenue hiked by 8%, OIBDA – by 15%, free cash flow – by 39%, and net profit – by 11%. The management's efforts to ensure operational resilience in the new economic environment boosted our operational and financial performance and helped achieve our targets. Rostelecom markedly bolstered its flexibility, adapted to the new economic environment, and has a safety margin both technology-wise and financially. At the same time, we continued to hone our operational efficiency and streamline our real estate portfolio, with its total area down by 4% by 2022-end. During the year, the Company also succeeded in reducing its leverage from 2.3x to 2.0x of net debt (including lease liabilities)/OIBDA.

A logical intermediate outcome of our progress on the corporate Development Strategy 2025 is the accelerated growth of revenue from digital products and services. Our focus on prospective growth as a digital customer-centric business driven by people and innovative data processing and transmission technologies is paying off. The key contribution to revenue growth in 2022 came from digital clusters, the promotion of end-to-end digital products in the B2B/B2G segment, and the mobile business.

Revenue from digital services rose by 38% in 2022, driven by the development of platform solutions for the digital government and the promotion of the Digital Region project as well as information security services and cloud solutions.



GRI
(2-22)

Rostelecom continues to work on and operate the e-government infrastructure providing citizens and organisations with digital access to public services.

The Company is actively adding in-demand public services to the Public Services Portal, which is becoming increasingly popular among Russians. The number of registered portal users has already topped 100 million, with a daily audience of over 10 million, while the number of monthly services provided over the past three years has tripled to 18 million. In 2022, the Company also further ameliorated the functionality of the Public Services Portal-related mobile apps. The Gosuslugi Auto mobile app now offers the Europrotocol Online service across Russia, whereby drivers can complete road accident reports without traffic police officers and present their driving license in a digital format (as a QR code). The Gosuslugi Culture mobile app can now be used to buy movie tickets (over 5.7 million tickets were sold using this feature in 2022).

On top of this, Rostelecom carried on to expand the footprint of its seamless digital healthcare solutions. Rostelecom's Health products are featured across 49 Russian regions and include medical and laboratory information management systems, a unified radiology information system, a central archive of medical images, an integrated emergency medical care information system, and a platform for telemedicine consultations and the remote monitoring of patients with chronic diseases. Over 50% of the country's doctors are covered by our digital healthcare products, while some of them have started using telemedicine consultations in their practice, with over 100 thousand such consultations provided in 2022. During the year, Rostelecom launched the Become a Blood Donor service on the Public Services Portal and created a unified bone marrow donors registry. One of the Company's undisputed social-impact milestones in this area has been the digitisation of conventional healthcare services: we have organised electronic medical appointment bookings for as many as 5 million patients, with as many as 35 million health insurance policies, 10 million birth or death certificates, and 1.5 million weapon possession certificates issued electronically to date.

As part of its efforts to deliver strategic priorities in 2022, Rostelecom consolidated its leadership in the data centre market, both in terms of active rack count and revenue growth, and in innovative cloud technology,

primarily through a 39% revenue increase in the cloud service segment. The Company's promotion-driven revenue from private cloud services almost quadrupled. Our revenue from VPN services grew by 18%, including thanks to contracts with major customers.

15%

OIBDA HIKE IN 2022

Rostelecom's mobile business also remains our key growth driver. Our engagements with high-value customers both to further enlarge the existing customer base and win new subscribers as well as bettered customer loyalty and a high quality of services drove the accelerated growth of our mobile operator's financial performance. Over 2022, our subscriber base went up to 48.1 million amid more extensive mobile data traffic and reduced churn. We maintain our focus on driving quality base growth by targeting active data users, our biggest profit generator.

During all of 2022, the Wink platform, which combines IPTV and online video streaming functionalities, continued to rapidly win new customers by offering unique subscriptions and exclusive content. Throughout the course of 2022, the base of active Wink users skyrocketed by 57% to almost 5 million, while the number of paid subscriptions more than doubled over the same period. As a result, Wink ranked second among Russia's largest online video streaming services by the number of paying subscribers. In the year in question, Rostelecom and National Media Group set up a strategic

alliance to merge the Wink and more.tv video services into a joint venture operated under the Wink brand.

We receive high satisfaction scores from our retail customers for the quality of services from our Smart Home product offering. The Rostelecom Key service is used by more than 400 thousand households all across Russia. We sold over 800 thousand cameras to retail customers during the year to set up cloud video surveillance for home security, which also contributed to a more than twofold year-on-year increase in service revenue.

Our Information Security cluster's positive revenue momentum continued during the year I would particularly emphasise the 47% increase in revenue from the JSOC family solutions and the 19% rise in revenue from our proprietary products, consolidating Rostelecom's leadership in the Russian cybersecurity market.

In 2022, the number of fibre-to-the-home customers grew faster than the market. The steady rise in the customer base for our B2C fibre broadband service was supported by Rostelecom's market leadership by gross additions. The number of business and government customers with fibre-optic connectivity also grew noticeably.

>40

MILLION HOUSEHOLDS WERE COVERED BY MODERN HIGH-SPEED FIBRE

During 2022, Rostelecom significantly extended the capacity of its backbone network to 43.4 Tbps to provide customers with high-quality digital services driven by modern communications technologies. Over 40 million households were covered by modern high-speed fibre.

During the year, we continued to execute priority strategic projects, including those within the Digital Economy national programme. Each of these initiatives makes a difference for millions of people and is a milestone in building a common, advanced digital space in Russia.

Rostelecom makes a significant contribution to the sustainable development of society and the telecom industry. We create long-term economic, environmental, and social value for both current and future generations.

Investing in human capital is one of our top priorities. Rostelecom has in place a range of programmes for employee motivation and skill upgrading as well as for onboarding young talent. The Company provides its employees with a wide range of training courses and drives productivity by ameliorating working conditions, social support, and process digitisation programmes.

Rostelecom made it to the top of the 2022 Corporate Philanthropy Leaders rating in a competition held by the Donors Forum with the support of Russia's Federation Council, Ministry of Science and Higher Education, Ministry of Culture, and Ministry of Economic Development among other partners. The Company also won the Best Corporate Social Investment Programme in the Area in Terms of Sustainability and Business Strategy category with its Digital Region social investment programme.

The main challenge for the management team in the near future is to adapt to the changing market conditions, in particular, in terms of selecting key investment projects and finding new sources of business growth.

I would like to express my sincere gratitude to the entire Rostelecom team for their consistently sound performance despite all headwinds. We continue to devise unique products and solutions that are in demand in the market by leveraging advanced and, substantially, Russian technologies.

We are looking forward to pursuing new ambitious projects, which means more exciting challenges for our team that we are sure we will pass with flying colours!

Mikhail Oseevsky

President of PJSC Rostelecom

02 STRATEGIC VISION



GRI
(2-23)

GRI
(2-24)

GRI
(2-25)

2.1. OUR APPROACH TO SUSTAINABILITY

Rostelecom builds its business responsibly,
guided by sustainability principles.

As a systemically important telecom major, Rostelecom aims not only to deliver outstanding business performance but also to contribute to the social and economic development of society. Reconciling commercial, social, and environmental interests is an important element of our development.

The Company fully embraces the UN's 2030 Agenda for Sustainable Development and is committed to the UN Sustainable Development Goals (SDGs).

Rostelecom provides households with access to high-quality communications and digital services while promoting fairness and inclusivity among its workforce and in wider society and striving to cut down its environmental footprint. These efforts are underpinned by our commitment to responsible business practices, transparency, and ethical conduct of the Company.

Our core sustainability activities in 2022 included:

- Russia's digital economy project
- digital Equality integrated social programme
- protecting employees and creating comfortable working conditions
- offering customers enhanced innovative services
- supporting social, volunteering, and charitable projects
- training and providing career guidance for young people
- enhancing technology to tackle environmental challenges
- maintaining corporate transparency in a highly turbulent environment.

PJSC Rostelecom has set up a Sustainability section (<https://www.company.rt.ru/en/social/>) on its corporate portal, highlighting the Company's key sustainability metrics, documents, and policies.

Rostelecom's approach to sustainability management is aimed at:

- compliance with laws and regulations
- effective sustainability risk management
- an ongoing dialogue with stakeholders to effectively address the most significant sustainability matters
- consistent implementation of industry best practices and recommendations of international sustainability standards.

Our sustainability approach is consistent with Rostelecom's corporate values.

- Development: creating the future
- Simplicity: making complex things simple
- Human touch: working for people
- Adaptability: adapting technology to find a solution

Sustainability is an integral part of the Company's strategy, under which Rostelecom continues to consistently implement ESG principles and integrate economic, environmental, and social goals and objectives into its key processes and corporate decision making.


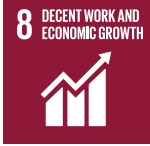





2.2. UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

Rostelecom strives to contribute towards the UN SDGs by integrating them into the management of the Company's operations and considering them when designing sustainability projects. We also embrace the Social Charter of Russian Business.

Apart from striving to expand its business and improve its equity story, Rostelecom is a major contributor to the sustainable development of the country, society, and the telecommunications industry.

Sustainable Development Goals prioritised by Rostelecom

Goal	Company contribution
First priority goals	
 Goal 9 Build resilient infrastructure, promote inclusive and sustainable industrialisation, and foster innovation	Rostelecom recognises that digitalisation is central to the social and economic development of the Russian regions. Selected projects: <ul style="list-style-type: none"> • A unified platform for managing transport systems • Digital twins and artificial intelligence in the utilities sector
 Goal 8 Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all	Rostelecom offers fair remuneration, additional social benefits, and work safety. The Company maintains a strong focus on equal rights and also supports the Vision Zero concept. On top of this, we develop digital solutions for workplace safety and injury monitoring. Selected projects: <ul style="list-style-type: none"> • Digital Worker platform • Industrial digital outsourcing of occupational health services
 Goal 4 Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	We cooperate with universities and schools, hold competitions and olympiads, and organise internships. Rostelecom was appointed the single source contractor to build sustainable information and communication infrastructure at schools. Selected projects: <ul style="list-style-type: none"> • Cybersecurity activities • Publication of the book <i>A Beautiful, Dangerous, Cybersecure World</i>
 Goal 11 Make cities and human settlements inclusive, safe, resilient, and sustainable	Rostelecom is piloting the Smart City standard in several Russian cities. The standard involves digital transformation of almost all aspects of urban life: road safety, maintaining courtyards, enhancing education platforms, etc. In the future, the Company plans to roll out the project to other cities. Selected projects: <ul style="list-style-type: none"> • Smart City • A road safety system • A waste management monitoring system

Goal	Company contribution
 Goal 10 Reduce inequality within and among countries	Rostelecom supports small-size enterprises in Russia. The Company organises competitions and educational programmes for entrepreneurs while financially supporting the most prominent and promising initiatives. Rostelecom also helps socially vulnerable groups to integrate into the digital environment. Selected projects: <ul style="list-style-type: none"> • Social Impact Award international programme • ABC of the Internet

Second priority goals

 Goal 17 Strengthen the means of implementation and revitalise the global partnership for sustainable development	Rostelecom also expects its contractors and suppliers to integrate sustainability principles. We work with universities, non-profit organisations (NPOs), and the government on sustainability projects. We also develop technologies and specific solutions to enable our customers to improve their environmental and safety performance.
 Goal 16 Promote peaceful and inclusive societies for sustainable development, provide access to justice for all, and build effective, accountable, and inclusive institutions at all levels	Rostelecom is required to ensure legal compliance and expects the same from its stakeholders. A number of independent assessments have shown that the Company maintains a high level of transparency and compliance.
 Goal 12 Ensure sustainable consumption and production patterns	Rostelecom is committed to reducing its resource consumption and increasing its recycling rate. The Company is putting the Green Office concept into practice. We also advocate responsible consumption among the population and have installed recycle bins at our stores to collect used batteries and old mobile phones.
 Goal 13 Climate action	Rostelecom has designed and deployed a forest fire monitoring system across several Russian regions to detect forest fires early on, thus significantly reducing fire response times.
 Goal 15 Life on land	Rostelecom has developed solutions to detect illegal logging activities. Video recording systems are used to recognise the type of vehicle and cargo, in particular round timber. Video surveillance data are transmitted to government services, where specialists monitor the legality of each haul of timber trucks.

STRATEGY FOR 2021–2025

Over the course of 2021, Rostelecom adopted a new strategy for 2021–2025,¹ maintaining the focus of its development direction on its transformation into an integrated provider of digital services and a reliable partner for society, business, and the state.

Under Rostelecom's updated strategy for 2021–2025, the Company's main priorities are to:

1

Pursue a smart growth in traditional businesses to provide a higher return on investment and a stronger cash flow

2

Outperform the market in selected new business segments – achieve leading positions

3

Maintain and expand Rostelecom's role as the key partner in digitalisation of socially significant services and projects

4

Increase operational efficiency in traditional business segments

¹ Approved by the Board of Directors on 19 April 2021 (Minutes No. 9, dated 20 April 2021).

Rostelecom's ambition is to maintain its leadership in all traditional communications segments while successfully developing digital businesses, including through new strategic partnerships.

Rostelecom's vision for its future development is focused on becoming a digital customer-centric group of companies driven by human capital and cutting-edge digital data processing and transmission technologies (for more details, see [2021 Annual Report](#)).

WHO WE ARE



A DIGITAL PARTNER FOR SOCIETY, BUSINESS, AND THE STATE

A CUSTOMER-CENTRIC DIGITAL GROUP OF COMPANIES

- | | |
|--|--|
| 1 _____ | 2 _____ |
| A powerhouse that shapes the Russian telecommunications market | The No. 1 player in selected new business segments |
| 3 _____ | 4 _____ |
| Customer-centric transformation, cost efficiency leadership | Sustainable financial growth |

HOW TO GET THERE



PEOPLE

DIGITAL FRAMEWORK

- | | |
|--|--|
| 1 _____ | 2 _____ |
| Network infrastructure and distributed data centre network | New solutions: information security and cloud services |
| 3 _____ | 4 _____ |
| Leading role in digitising public services | Own IT cluster |

1

Pursue a smart growth in traditional businesses to provide a higher return on investment and a stronger cash flow

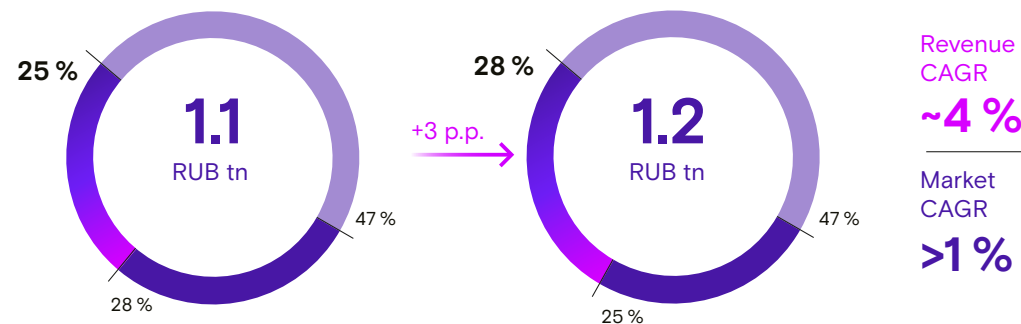
According to the strategy for 2021–2025, Rostelecom is transforming itself into a powerhouse that shapes the Russian telecommunications market. The Company plans to secure its leadership in traditional telecommunications services in terms

of subscribers and revenue with a target base of over 100 million retail customers, while maintaining a leading position as a partner for business and the state.

MARKET SHARE¹

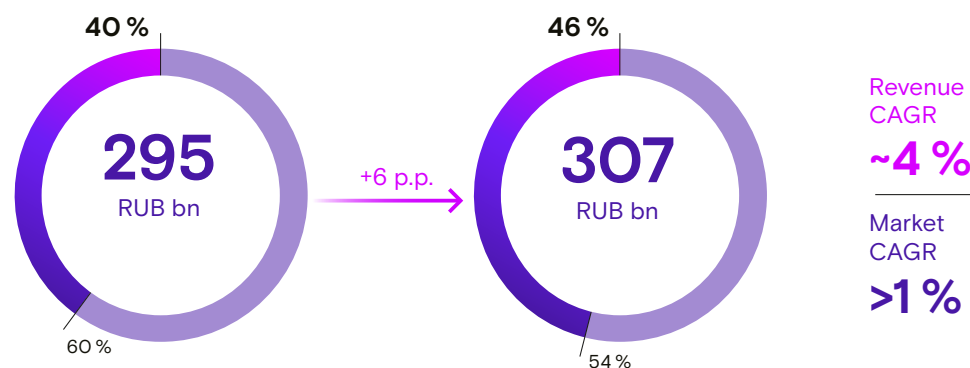
B2C²

— Rostelecom
— Others
— No. 1 player



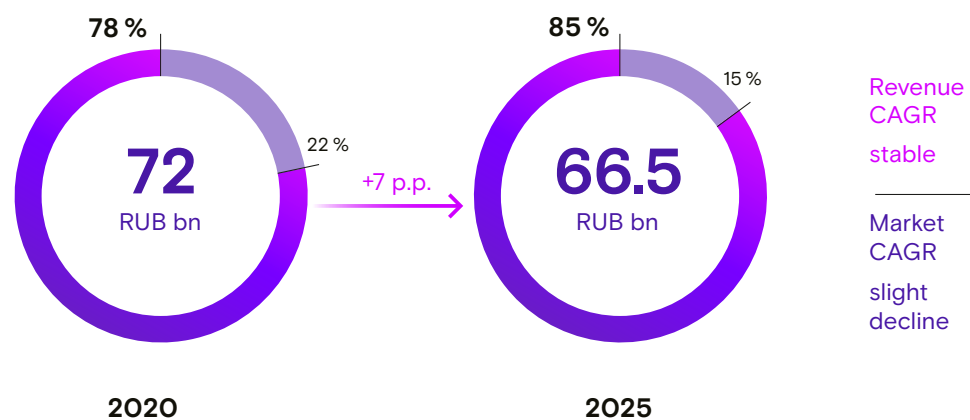
B2B/G³

— Rostelecom
— Others



B2O⁴

— Rostelecom
— Others



¹ Source: market forecasts by TMT Consulting, J'son & Partners Consulting, IKS-Media, operators' filings, Company data.
² B2C includes fixed telephony, broadband, mobile, cable TV, and IPTV services.
³ B2B includes fixed telephony (including virtual PBX and IP), broadband, mobile, VPN and channel lease, and M2M.
⁴ B2O includes interconnection and traffic transit services, IP transit, VPN and channel lease, and infrastructure services.

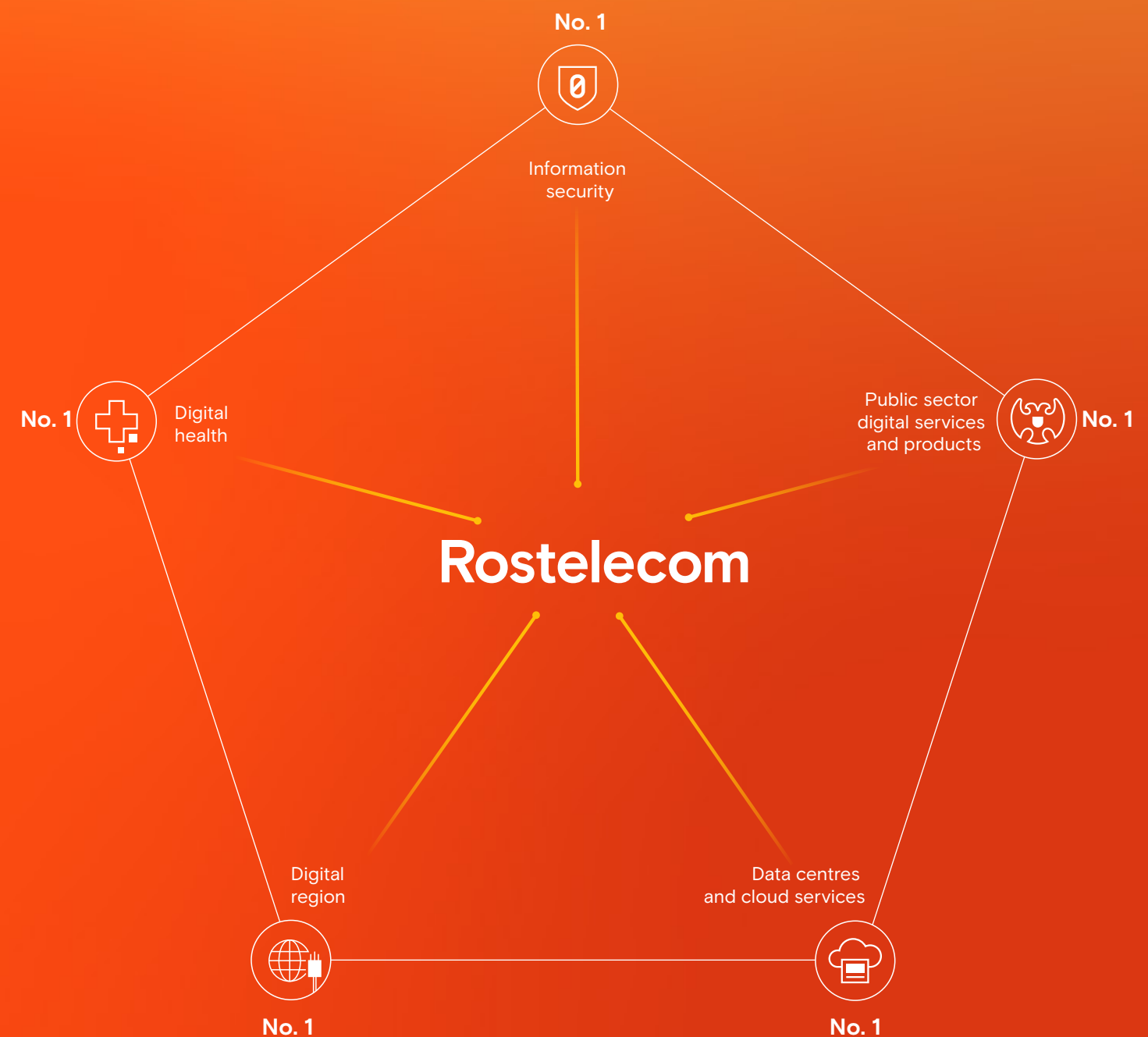
2

Outperform the market in selected new business segments – achieve leading positions

Rostelecom will not build a wide ecosystem at its own expense. When developing new digital businesses, the Company will focus on a limited number of adjacencies to its key IT and telecom products, with a priority objective to become the No. 1 player in each selected market by 2025.

In addition to the Company's own resources, Rostelecom plans to use venture projects, partnerships, and M&A to develop new businesses.

The strategy provides for developing five new businesses in the cluster format.



3

Maintain and expand Rostelecom’s role as the key partner in digitalisation of socially significant services and projects

KEY PRIORITIES



Be the No. 1 operator of choice in all traditional services



Become the No. 1 mobile operator for government customers



Develop the E-Government project and interdepartmental cooperation systems



Achieve leadership in the provision of Digital Region services



Support the implementation of healthcare projects



Participate in the Digital Economy national project and address tasks around the provision of communications services (the Bridging the Digital Divide project, connecting social infrastructure facilities to the Internet, etc.)

TARGETS

No. 1

MAINTAIN LEADERSHIP IN PROVIDING TRADITIONAL SERVICES TO GOVERNMENT CUSTOMERS

No. 1

MAINTAIN AND EXPAND ROSTELECOM’S ROLE AS THE KEY PARTNER IN DIGITALISATION OF SOCIALLY SIGNIFICANT SERVICES AND PROJECTS

4

Increase operational efficiency in traditional business segments

KEY LEVERS



Reduce the share of personnel costs in revenue, including by increasing labour productivity



Optimise other indirect costs, including:

- materials, repairs, and maintenance
- other operating expenses.¹



Better operational efficiency:

- Reduce the number of management levels
- Streamline the asset portfolio, including the sale of real estate
- Review and simplify key processes through the operational efficiency improvement programme

2025 TARGETS

20 %

TARGET SHARE OF PAYROLL IN REVENUE

UP TO 2 P.P.

OIBDA MARGIN HIKE DUE TO THE OPTIMISATION OF OTHER COSTS

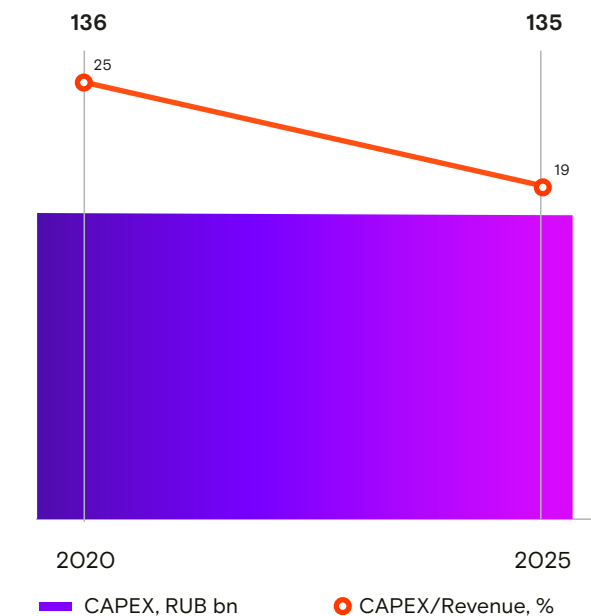
>40 %

TARGET OIBDA MARGIN

Enhanced efficiency in traditional businesses will be achieved through:

- cost optimisation, including costs associated with organisational transformation (reduction of management levels)
- changes in the approach to investment
- a customer approach in building development and optimisation models
- optimisation of the asset portfolio, including the sale of real estate
- review and simplification of key business processes
- reduction in the share of personnel costs in revenue, including by increasing labour productivity.

A smart approach to investment ²



The Company will strive to implement a smart approach to investments, which involves:

- transition to a less capital-intensive growth model in traditional businesses
- investment focused on priority regions in traditional businesses
- larger investment in the development of the fastest-growing products.

¹ Including maintenance expenses; security services; support and maintenance of software and databases; third party services; administration-related expenses; and fees for audit, information, and consulting services, etc.

² The forecast takes into account investments only in existing/known government projects.

ROSTELECOM GROUP'S 2025 STRATEGIC TARGETS

REVENUE

revenue increase

>700 RUB bn

OIBDA

OIBDA increase

x1.5 growth

NET PROFIT

net profit increase

x2 growth

NET DEBT

achieve the target
Net debt¹/OIBDA

<x2.5 growth

CAPEX

ensure that capital expenditure (CAPEX)
in absolute terms is at the 2020 level

ESG INITIATIVES

As part of its strategy to 2025, Rostelecom continues to consistently pursue its stated ESG goals, highlighting the importance of the Company's sustainability initiatives.

E

Environmental

- Reduce energy consumption (excluding the Data Centres and Cloud Services cluster) by 15 % by 2025-end
- Increase the use of renewable energy
- Implement programmes to collect and recycle old cable networks, network equipment, and subscriber devices
- Launch Green Office environmental management systems across all offices by 2025

S

Social

- Gender equality: achieve female representation both in management and across the Company at 40 % by 2025
- Regional equality: functional decentralisation through Company-wide competence centres in the regions and creation of equal opportunities for career migration

G

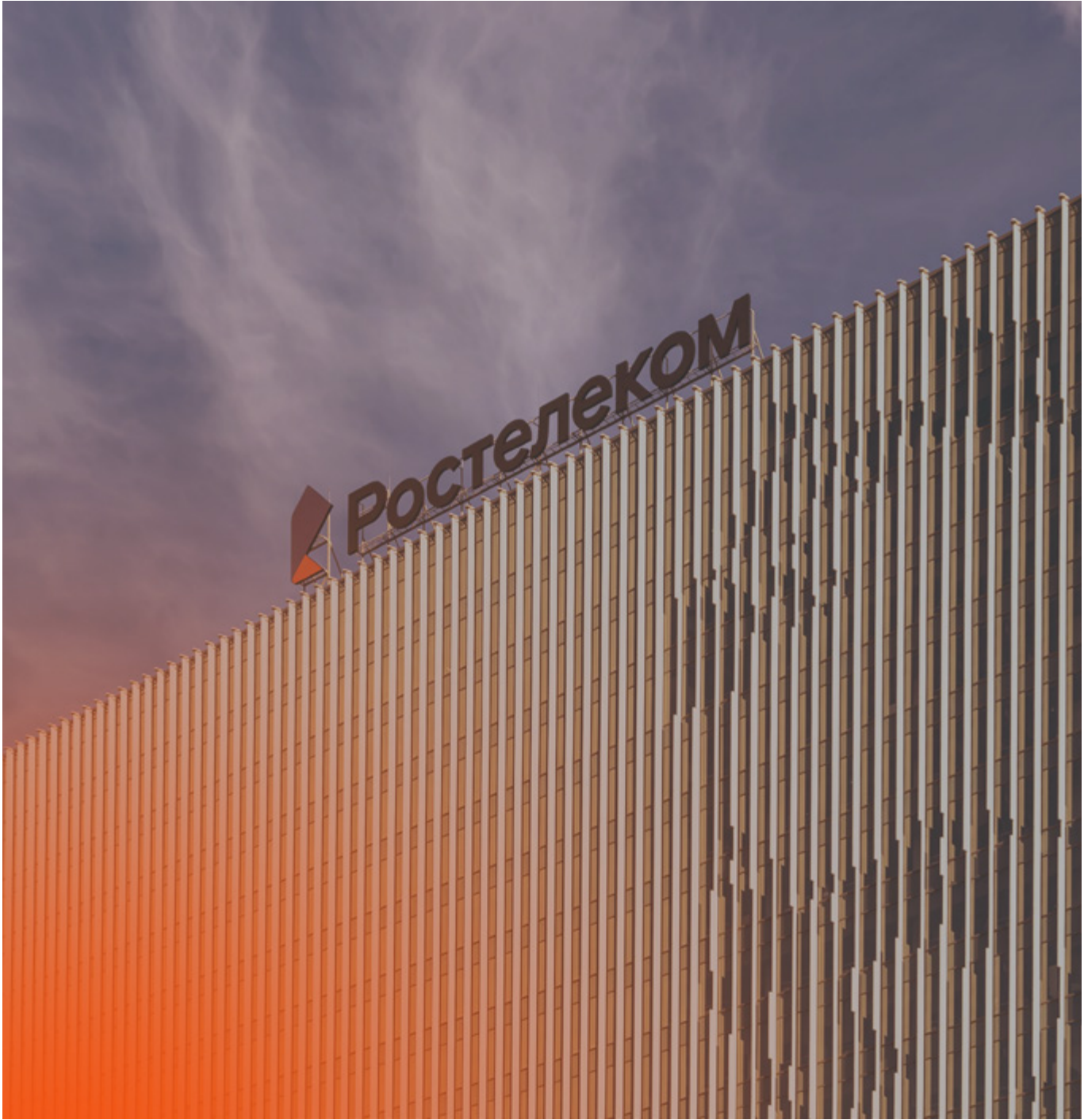
Governance

- Integrate ESG in procurement and supply management by 2025
- Promote and instil ESG principles among customers, including by offering commercial products and solutions that enable their ESG journeys

¹ Net debt includes lease liabilities.

Summary report on the strategy results in 2022

No.	Priority	2022 Result	2025 Ambition	Comment
1	Pursue smart growth in traditional businesses to provide a higher return on investment and a stronger cash flow	Revenue over RUB 627 bn	Revenue RUB 700 bn+	Targets achieved ahead of plan
2	Outperform the market in selected new business segments – achieve leading positions	Revenue growth from new business areas 26 %	Become the No. 1 player in each selected market	Growth rate above / in line with the market
3	Maintain and expand Rostelecom's role as the state's key digitalisation partner	Implemented projects: <ul style="list-style-type: none">Fan IDsGosuslugi Auto appDigital health projects	Remain the state's key digitalisation partner	Rostelecom successfully implemented important projects to digitise public services
4	Increase operational efficiency in traditional business segments	CAPEX/Revenue 19 %	CAPEX of RUB 135 bn (CAPEX/Revenue <19 %)	The CAPEX to Revenue ratio is within the targeted range



Long-Term Development Programme

In 2021, Rostelecom started implementing a new Long-Term Development Programme for 2021–2025, developed in line with Rostelecom's updated Development Strategy for 2021–2025, directives of the Russian Government, and methodological recommendations of the Russian Ministry of Economic Development.

The Long-Term Development Programme covers all aspects of Rostelecom's activities both in strengthening market positions in traditional businesses and achieving leadership in new

business areas, infrastructural and innovative development, digital transformation, and business efficiency.

The activities outlined in the Programme are supported by the necessary resources and are balanced in terms of the Company's financial capabilities.

BUSINESS MODEL

RESOURCES

BRAND AND REPUTATION

No.1 **No.1**

by awareness
in the broadband
and Pay TV segments¹

by NPS
in the mobile
services²

INTELLECTUAL PROPERTY

Stable growth
in revenue from
proprietary products

INFRASTRUCTURE

40.3 million households
have access to fibre

EMPLOYEES

119 thousand – total
headcount

FINANCE

116.9 RUB bn –
CAPEX

¹ Source: IRC Group.
² Source: IPSOS.

LEADERSHIP IN KEY MARKETS

SEGMENTS



B2C

Broadband, Pay TV / Wink,
mobile, gaming services



B2B/G

Broadband + VPN, virtual PBX,
Wi-Fi, telephony



B2O

Traffic routing, interconnection,
and traffic transit services,
O2O services

CLUSTERS

DATA CENTRES AND CLOUD SERVICES



IaaS, PaaS, SaaS, TIONIX,
NGENIX, co-location, CDN,
BASIS cloud platform

INFORMATION SECURITY



Solar JSOC, Solar Dozor, Solar
addVisor, Solar appScreener

DIGITAL REGIONS



Traffic enforcement cameras,
electricity meters, weight and
dimension compliance, ACS,
Safe City

PUBLIC SECTOR DIGITAL SERVICES AND PRODUCTS



Public Services Portal, Unified State
Examination, Unified Biometric System,
All-Russian Population Census,
Bridging the Digital Divide

DIGITAL HEALTH



Unified digital platforms of medical
information systems, laboratory
information management systems,
radiology

STRATEGIC PRIORITIES

RISK MANAGEMENT

ESG INITIATIVES

VALUE CREATION FOR STAKEHOLDERS

CUSTOMERS



Advanced, high-performance
digital ecosystems
covering a wide range
of tasks

EMPLOYEES



1,000

participants of the share
option programme

1.4

RUB bn invested
in our people

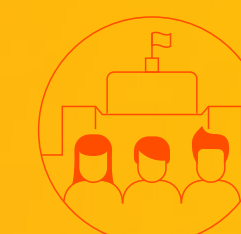
SHAREHOLDERS



4.56

RUB – total dividend
per share

GOVERNMENT AND SOCIETY



11.5

RUB bn – taxes, environmental
spending and charity expenses
in 2022

2.3. STAKEHOLDER ENGAGEMENT



As one of the largest providers of digital and communications services in Russia, Rostelecom has a significant impact on stakeholders. The Company seeks to foster mutually beneficial relationships with its stakeholders.

In early 2023, we ran a questionnaire-based stakeholder survey to update our stakeholder map. Stakeholders mostly impacted by the Company include its employees, business partners, and customers.



PJSC Rostelecom's stakeholder map



Rostelecom advocates regular open communications with stakeholders driven by corporate social responsibility.

Our consistent approach to managing social investments helps us reduce our social risks and improves our relations with the regions in which we operate.

- Key areas of focus in Rostelecom's stakeholder engagement:
- General Shareholders' Meetings
 - Congresses and exhibitions
 - Presentations
 - Updates via mass media, social networks, and corporate publications
 - Employee hotlines
 - Federal communications projects
 - Regional projects

All Group subsidiaries and affiliates also have their own programmes for engaging with local communities.

Information transparency

Rostelecom considers openness and transparency of its activities to be crucial to meaningful engagement with its stakeholders.

We promptly respond to stakeholder requests and expectations and provide them with material information on our performance, impact on society and the environment, and report on the effectiveness of our corporate governance. This approach helps us to balance the interests of all stakeholders and avoid potential risks associated with trade secrets.

Rostelecom Group discloses information in line with:

- Russian laws
- requirements and recommendations of the Bank of Russia
- requirements of the Moscow Exchange
- international sustainability standards
- internal documents of PJSC Rostelecom, its subsidiaries and affiliates.

Rostelecom mainly discloses information by publishing:

- resolutions of the Board of Directors
- information on stages of the procedure to issue securities
- annual reports
- annual accounting (financial) statements
- sustainability reports.

Our Board of Directors establishes the rules of, and approaches to, disclosures, which are formalised in the Company's Information Disclosure Policy.

Key principles of the Information Disclosure Policy are:

- timely, consistent, and prompt provision of information
- accessibility, objectivity, completeness, accuracy, and comparability of disclosed information
- equal rights of all stakeholders to obtain information in compliance with all applicable laws, standards, and regulations
- information disclosure regardless of specific individual or group interests
- reasonable balance between the Company's transparency and protection of its business interests
- confidentiality of information that constitutes a state secret or a trade secret in accordance with the Company's internal documents
- control over the use of insider information.

Rostelecom is improving the performance of its press service. The service's KPIs include the number of publications and quality of texts. We interview media about the performance of our press office.

Rostelecom had more than 207 thousand media mentions in 2022, of which 87.5 thousand publications were focused on the Company. Our total audience reach was 329.4 million potential users.

Regional media accounted for the largest share of mentions – 105.3 thousand publications (50.8% of the media flow), federal media came second with 100.4 thousand stories (48.5%), and foreign media carried 1,400 materials (0.7%).

Every year, the Company implements a number of projects to engage with federal and regional journalists. The 11th Together into the eFuture regional journalist and blogger competition was held in 2022. The competition involved 2,100 publications from over 1,200 journalists from all Russian regions. The most popular categories included Internet Media (884 publications), TV (491 publications), and Print Media (323 publications).

1,200

journalists qualified
for the Together into
the eFuture competition

Communication channels

Rostelecom Group uses a wide range of communication channels to engage with stakeholders, publishing information on all material aspects of its business on the Company website <https://www.company.rt.ru/en/>.

Rostelecom and its subsidiaries maintained a total of five social media accounts with an aggregate subscriber base of about one million in 2022. Every day, our employees promptly handle queries submitted via social media, fielding over 450 thousand questions in 2022.

Rostelecom publishes news on corporate projects, incentive programmes, and employee benefits on its intranet portal. In 2022, the portal had 32 million visits. Our corporate TV covers all regions within Rostelecom's footprint. In 2022, we created 64 pages featuring news, widgets, photos, and announcements from our regional branches. We continue developing the functionality of our regional pages. These efforts have enabled us to boost online presence of all Company branches and increase the number of regional news updates by almost four times. As at 2022-end, news of our regional branches were viewed 52.5 thousand times.

1,000,000

FOLLOWERS – THE COMPANY'S TOTAL SOCIAL MEDIA AUDIENCE

In 2022, we ran 43 weekly surveys on our corporate portal, with participation averaging close to 2,000 employees. The survey results are published on the portal in the Weekly Surveys section and get multiple comments from users. Insights from the surveys help us adjust our communication strategy.

In 2022, 10 new sections were added to the portal, and 14 existing sections were tweaked.

The Company also discloses information on the corporate information disclosure website run by Interfax (www.e-disclosure.ru). Annual and sustainability reports also serve as a public communication vehicle to engage all stakeholders.

Engagement methods

Stakeholders	Core interests	Engagement mechanisms	2022 highlights
Shareholders and investors	<ul style="list-style-type: none"> Strategy implementation Financial results Stable position in a competitive market Dividend Policy Robust corporate governance Compliance with high business ethics standards Openness and transparency Risk management 	<ul style="list-style-type: none"> Participation in investment forums and conferences General Shareholders' Meetings Disclosures via an external website Regular reporting Communications with investment bank analysts 	<ul style="list-style-type: none"> A total of RUB 15.6 billion was paid in dividends in 2022 ACRA affirmed the Company's rating at AA(RU), with a stable outlook NCR upgraded the Company's rating to AAA.ru, with a stable outlook The Annual General Shareholders' Meeting was held on 30 June 2022
Company employees and trade unions	<ul style="list-style-type: none"> Decent pay Safe and comfortable work conditions Fair remuneration and social programmes for employees Respect for human rights Opportunities for professional development and career growth 	<ul style="list-style-type: none"> Performance-based monetary incentives for employees Incentive programmes Corporate training programmes Social benefits Brand ambassadors Gamification of business processes 	<ul style="list-style-type: none"> The collective bargaining agreement for 2022–2023 was signed Rostelecom was included in Bloomberg Gender-Equality Index 2022 Rostelecom was named the best employer among Russia's telecom companies by hh.ru Rostelecom was named platinum employer in Forbes ranking The total number of accidents dropped by 15% The average training time per employee was 32.2 hours Employees took part in 243 philanthropy and social volunteering projects
Business partners, suppliers, contractors	<ul style="list-style-type: none"> Transparent competitive procurement Market-based pricing Compliance with high business ethics standards The Company's long-term sustainability Mutually beneficial engagements Anti-corruption 	<ul style="list-style-type: none"> Agreements signed with manufacturers Handling complaints and queries Participation in exhibitions and conferences, joint workshops Satisfaction monitoring Bilateral visits Open tenders Signing long-term agreements with transparent pricing rules 	<ul style="list-style-type: none"> In 2022, the Group engaged with 41 thousand counterparties and completed 6,700 procurement procedures Rostelecom confirmed its leading position in the key solutions for business customers market (B2B broadband, Virtual PBX, and 8 800), according to a rating by TMT Consulting Rostelecom froze attractive service bundle prices for small and medium-sized enterprises (SMEs) for two years In 2022, through a partnership with Russian Small and Medium Business Corporation (RSMB Corporation), the Company held 20 workshops on SME participation in procurement in line with Federal Law No. 223-FZ, On Procurement of Goods, Works, and Services by Certain Types of Legal Entities, dated 18 July 2011, which were attended by 2,065 SMEs Rostelecom launched a website for operators, securing an inflow of orders for connecting facilities under the BDD project
Customers and consumers	<ul style="list-style-type: none"> High-quality and reliable services Information security 	<ul style="list-style-type: none"> Engagements under contracts, agreements, and cooperation arrangements Regular consumer surveys Security of services Higher service quality Enhanced customer experience Communication through blogs Ensuring service accessibility 	<ul style="list-style-type: none"> Rostelecom ranked first in Russia in B2B pay TV services, according to J'son & Partners Consulting Rostelecom confirmed its leadership in the public Wi-Fi access market, according to a ranking by TMT Consulting Rostelecom launched a single technical support number for major business customers Improved customer care and better service quality led to a significant increase in NPS of Rostelecom's key services (broadband fibre up 5 p.p. and TV fibre up 3 p.p.) and lower subscriber churn, including in broadband down 15 % year-on-year and in pay TV down 11% year-on-year The number of fully satisfied Wink users (giving a score of 10 out of 10) increased by 67%. NPS of the online video streaming service reached 41% in the first half of 2022, up 35 % year-on-year
Legislative and executive federal authorities	<ul style="list-style-type: none"> Delivering projects and programmes of national significance Tax payments and social investments 	<ul style="list-style-type: none"> Cooperation agreements Participation in public events Working as experts on committees and commissions Participation in national programmes 	<ul style="list-style-type: none"> Rostelecom completed phase 1 of the Digital Education project Rostelecom joined the Interdepartmental Electronic Document Management System The Russian Government, Rostelecom, 1C, and VK signed an agreement of intent to develop high-tech projects under the New System-Wide Software roadmap The Russian Government, Rostelecom, KNS Group, and the Rostec state corporation signed an agreement of intent to develop high-tech projects under the Modern and Promising Mobile Networks roadmap
State control and supervisory bodies	<ul style="list-style-type: none"> Legal compliance and improvements to the regulatory framework Information transparency 	<ul style="list-style-type: none"> Timely reporting Addressing deficiencies identified by audits 	<ul style="list-style-type: none"> The Company's operations were audited

Engagement methods

Stakeholders	Core interests	Engagement mechanisms	2022 highlights
Regional government authorities	<ul style="list-style-type: none"> • Tax payments • Social programmes and investments • Contribution to the development of the Company's regions of operation • Promoting employment and supporting entrepreneurship 	<ul style="list-style-type: none"> • Cooperation agreements • Participation in public events 	<ul style="list-style-type: none"> • Developing platform solutions for the digital government • Implementing Digital Region projects
Local self-government authorities	<ul style="list-style-type: none"> • Tax payments and social investments • Contribution to the development of the Company's regions of operation • Creating jobs • Supporting local entrepreneurship 	<ul style="list-style-type: none"> • Cooperation agreements • Participation in public events 	<ul style="list-style-type: none"> • Rostelecom has ensured data transmission for social infrastructure facilities • The Company continued implementing the Digital Equality social programme
Environmental organisations	<ul style="list-style-type: none"> • Reducing environmental impact 	<ul style="list-style-type: none"> • Cooperation agreements • Public reporting 	<ul style="list-style-type: none"> • Rostelecom and CoreClass presented a digital environmental monitoring platform
Research and educational institutions	<ul style="list-style-type: none"> • Partnership programmes and projects • Social and charitable programmes • Public reporting 	<ul style="list-style-type: none"> • Cooperation agreements • Academic conferences • Public reporting 	<ul style="list-style-type: none"> • Rostelecom and MIREA – Russian Technological University opened a scientific and educational IT Import Substitution Centre • Rostelecom provided video surveillance for the early Unified State Examination 2022
Expert communities, rating agencies, business associations	<ul style="list-style-type: none"> • Promoting science and technology • Adopting innovations • Compliance with, and promotion of, sustainability principles 	<ul style="list-style-type: none"> • Forums • Conferences • Exhibitions • Round tables • Working and expert teams • Public reporting 	<ul style="list-style-type: none"> • AK&M affirmed Rostelecom's top sustainability reporting rating • Rostelecom topped the national Anti-corruption Ranking of Russian Business
Local communities within the Company's footprint	<ul style="list-style-type: none"> • Transparent information about the Company's services and outlooks • Social and charitable programmes • Creating jobs • Supporting local entrepreneurship 	<ul style="list-style-type: none"> • Working and expert teams • Cooperation agreements • Joint activities, cleanup days, trainings, and drills • Sponsorship and charitable programmes • Public reporting 	<ul style="list-style-type: none"> • Providing communications services to small and ultra-small communities. In 2022, 655 base stations were installed in small communities with populations between 100 and 500 people • Cybersecurity initiatives • Volunteering and philanthropy events
Social non-profit organisations	<ul style="list-style-type: none"> • Compliance with, and promotion of, sustainability principles • Social and charitable programmes • Joint projects 	<ul style="list-style-type: none"> • Cooperation agreements • Sponsorship and charitable programmes • Public reporting 	<ul style="list-style-type: none"> • Rostelecom and the Pension Fund of Russia launched Online Services of Government Bodies and Agencies, a new module for the ABC of the Internet programme • Rostelecom received the highest score in the Corporate Philanthropy Leaders ranking compiled by the Donors Forum association
Mass media	<ul style="list-style-type: none"> • Transparency of business processes • Ensuring quick access to information on the Company's activities 	<ul style="list-style-type: none"> • Organising media events (briefings, media scrums, press conferences, etc.) • Prompt update of websites and social media • Handling requests and queries from mass media • Media tours for mass media and bloggers 	<ul style="list-style-type: none"> • A media tour to the Iriklienskoye Reservoir • A media tour to Optic Fibre Systems, Fibre Optics Engineering Centre based at Technopark-Mordovia, and Saranskabel-Optica • A press conference on the completion of the Petropavlovsk-Kamchatsky-Anadyr submarine FOCL construction project • A media tour to Murmansk to cover the opening of the first data processing centre in the Russian Arctic zone • A media tour to Moscow for the awarding ceremony of the 11th Together into the eFuture competition • A media tour to the Komi Republic to cover the completion of a project to construct the Usinsk-Kharyaga advanced high-speed internet link • 11th Together into the eFuture regional journalist and blogger competition • A media tour to the Murmansk Region to showcase the region's digital capabilities (for winners of a federal artistic project) • Annual performance evaluation of Rostelecom's press service

2.4. ENGAGEMENTS DURING THE REPORT'S PREPARATION

Rostelecom incorporates stakeholder views in its Sustainability Report. The Company has been holding annual stakeholder dialogues since 2018.

Our stakeholder dialogue held on 25 January 2023 aimed to:

- update stakeholders on the results of the 2021 reporting campaign
- collect stakeholder suggestions regarding the content of the 2022 Report, including material topics.

The dialogue was maintained in line with the AA1000SES Stakeholder Engagement Standard and recommendations of the Global Reporting Initiative's standards for sustainability impacts (GRI Standards).

The online event featured speakers in a studio environment and was live-streamed. The meeting gathered partners, experts, representatives of non-profit organisations (including RSPP), industry media, the heads of Rostelecom's business units, and employees of the Company's regional units.

Materiality assessment

In line with the GRI Standards, Rostelecom annually carries out its materiality assessment to identify topics that are material to its internal and external stakeholders.

Steps in the materiality assessment process

Step 1 Analysing the context	Making a list of topics based on the Company's business environment and the global agenda Making a list of stakeholders
Step 2 Identifying real and potential impacts	Analysing materials from industry experts and assessing the Company's risks to identify its impacts. Updating metrics for measurement
Step 3 Assessing the significance of impacts	Assessing the significance and scale of impacts using stakeholder surveys and internal expertise
Step 4 Prioritising significant impacts	Conducting a stakeholder dialogue to prepare a list of material topics to be disclosed in the report

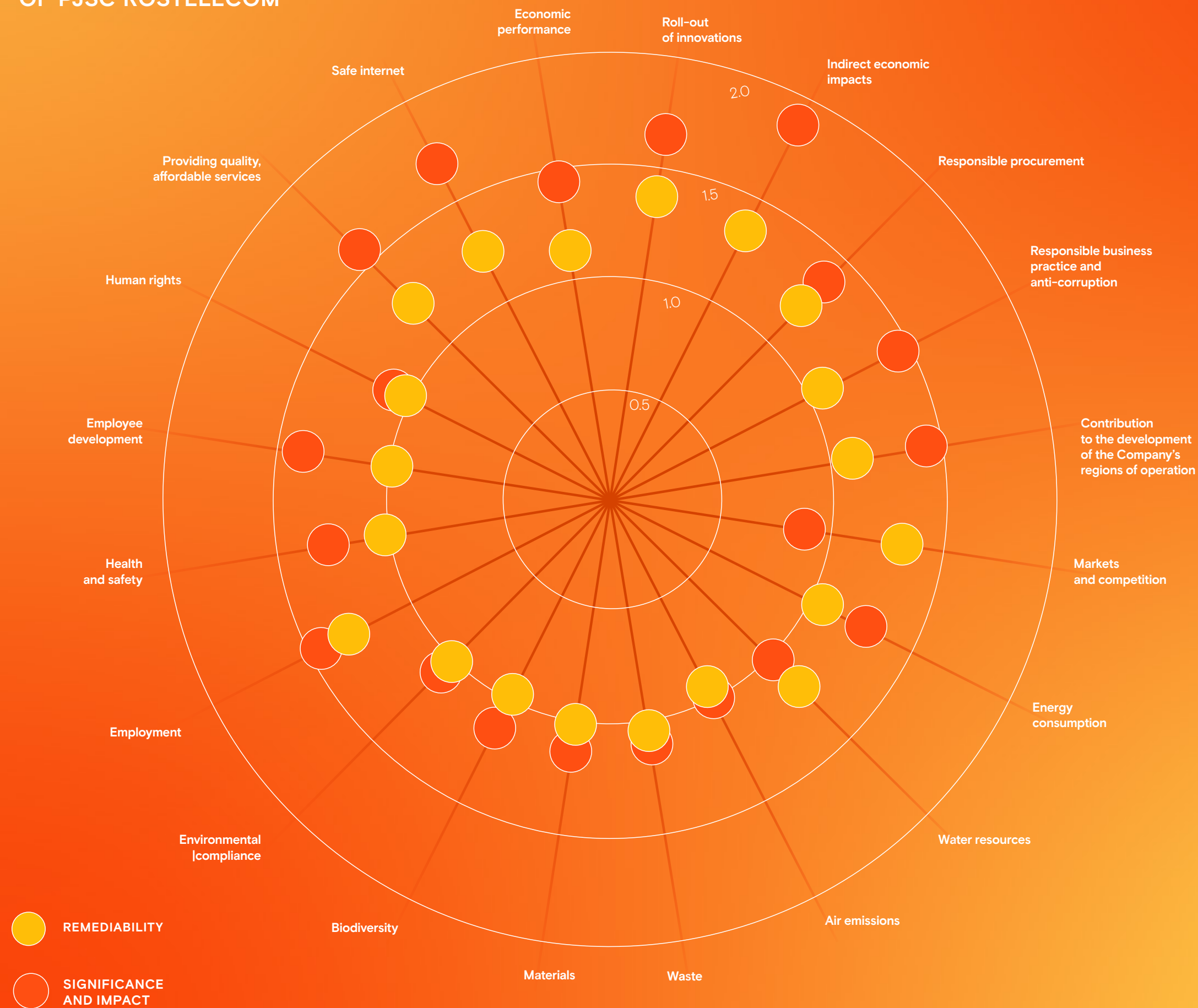
Following the stakeholder dialogue step, an online survey was launched in early 2023. Management and stakeholders assessed the Company's impacts against two criteria:

- The significance/severity of Rostelecom's impact – the impacts were divided into three groups (moderate, major, or critical impact)
- The remediability/irremediability of negative impact – the impacts were also divided into three groups (reversible, difficult and expensive to compensate, or irreversible)

Based on the materiality assessment results, we have prepared a matrix of the most significant impacts. Topics that scored over 1.5 points against at least one criterion were classified as material. The final list included eleven topics, including nine that were also recognised as material in the previous year and two new topics: responsible procurement and safe internet.



MATRIX OF THE MOST SIGNIFICANT IMPACTS
OF PJSC ROSTELECOM



2.1.4. PLANS FOR 2023

- 1 Review the latest global trends in preparing sustainability reports
- 2 Evaluate opportunities and relevance of additional reporting standards (SASB, ISSB)
- 3 Employee upskilling
- 4 Conduct social and questionnaire surveys of stakeholders, including in the regions of operation
- 5 Promote sustainability reporting principles and approaches at various events and through the media and social media platforms

03 E — ENVIRONMENTAL



3.1. OUR APPROACH



Rostelecom takes a responsible approach to environmental conservation. The Company reduces its environmental footprint by enhancing energy efficiency, utilising alternative energy sources, and practicing resource conservation.

Additionally, the Company develops digital solutions for effective environmental impact management while fostering widespread environmental awareness.

United Nations Sustainable Development Goals

In environmental protection, Rostelecom has chosen SDGs 8 and 11 as its first priority goals.

In line with SDG Target 8.4, the Group seeks to enhance energy efficiency and promotes responsible use of materials. The Company has established a robust control system, ensuring that its facilities are operated in compliance with sustainability standards and the requirements of fire, industrial, and environmental safety laws.

Under SDG Targets 11.3 and 11.6, Rostelecom deploys energy-efficient lighting systems for municipal areas and public spaces, works to foster environmental responsibility across communities, and designs integrated digital solutions for municipal waste management.

Rostelecom's second priority goals include SDGs 12, 13, and 15.

To achieve SDG Target 12.5, the Group has built a system of separate waste collection, through which we are increasing the amount and number of types of materials sent for recycling every year. Under the Pereplavka (Melting) project, cell phone drop box recycle bins have been installed in the Group's stores across 64 regions in Russia, facilitating the collection and recycling of electronic waste.

To prevent climate change (SDG 13), Rostelecom strives to improve its energy efficiency and upgrade local urban infrastructure.

Under SDG 15, the Company contributes to protecting terrestrial ecosystems: it runs voluntary cleanups across its units and develops digital solutions to timely detect and respond to forest fires, combat illegal logging, and monitor waste removal.

Environmental protection and safety management

Rostelecom's environmental protection activities and environmental safety efforts are part of the Group's wider occupational health and safety agenda. Rostelecom's environmental management system fully complies with governmental regulations as well as international best practice on the telecommunications market.

Rostelecom's environmental protection management is based on:

- Environmental Policy
- HSE and Fire Safety Policy.

These policies have been implemented across the Group subsidiaries and affiliates.

In 2022, Rostelecom's environmental management system was aligned with the two-tier governance model introduced a year earlier.

Principles of Rostelecom's Environmental Policy

- Compliance of the Company's operations with the requirements, standards, and commitments established by Russian laws and ratified by international treaties as regards environmental protection, sustainable use of natural resources, and environmental safety
- Commitment to sustainability principles in Rostelecom's planning and operations: the Company's economic endeavours should not worsen the existing environmental situation, compromise the quality of life and health of people, or harm the environment
- The unimpeded exercise by Rostelecom employees as well as by Russian citizens affected by the Company's operations of their constitutional right to a favourable environment
- The Company's responsibility for the environmental impact of its operations, including in the long term
- Mitigating negative environmental impacts and promoting sustainable use of natural resources in the Company's operations
- Incorporating potential environmental risks into management decisions shaping Rostelecom's development strategy. Integrating environmental risk management and environmental operational control into the Company's overall business management system
- Transparency and availability of environmental impact information to all stakeholders
- Building and promoting an environmental culture and environmental values across the Company and raising Rostelecom's profile as an environmentally responsible business

Rostelecom's key environmental protection and environmental safety objectives

- Sustainable use of natural resources
- Minimising negative environmental impacts from Rostelecom's operations
- Sustaining the environment for future generations

In 2022, Rostelecom continued to pursue its priority environmental protection objectives defined in its five-year ESG strategy, which was approved a year earlier. The objectives focus on reducing electricity consumption, increasing the use of renewable energy, implementing waste management programmes, and promoting the Green Office concept across the Group.

Organisational structure for environmental protection management at Rostelecom Group

President of PJSC Rostelecom	<ul style="list-style-type: none">Provides general supervision of Rostelecom's environmental protection and environmental management system (EMS)Approves environmental protection and environmental safety policiesEvaluates the Company's environmental performance
Administrative Director of PJSC Rostelecom's Headquarters	<ul style="list-style-type: none">Manages the Group's environmental protection effortsAnalyses the Group's environmental protection performanceInforms top management of the Group's environmental performance
Operational Control Division of PJSC Rostelecom's Headquarters	<ul style="list-style-type: none">Ensure environmental safety across the CompanyImplement environmental operational control (within their respective areas of responsibility)Manage environmental protection trainingPrepare statistical and corporate reports
Operational Control Directorate of the West AD ¹ Operational Control Directorate of the East AD	<ul style="list-style-type: none">Ensure environmental safety across the CompanyImplement environmental operational control (within their respective areas of responsibility)Manage environmental protection trainingPrepare statistical and corporate reports
Structural units of regional branches and subsidiaries and affiliates	<ul style="list-style-type: none">Implement environmental initiativesMonitor negative environmental impact sources on a day-to-day basisManage wasteRespond to incidents with environmental risks

In 2022, the Company successfully passed an external audit, obtaining a renewed certificate of conformity to GOST R ISO 14001-2016, valid until 2025 subject to annual confirmation through audits.

Group's key documents regulating environmental protection

- International standards (ISO 14001, etc.)
- Russian environmental laws
- Regulations (orders of ministries and agencies, procedures, guidelines, Russian GOST standards and SanPiN (Sanitary Rules and Norms), etc.)
- PJSC Rostelecom's Environmental Policy
- PJSC Rostelecom's Energy Policy
- PJSC Rostelecom's HSE and Fire Safety Policy
- Regulations on Environmental Operational Control at PJSC Rostelecom
- PJSC Rostelecom's Procedure for the Operation of Water Wells
- Waste Management Procedure
- Orders appointing employees to coordinate environmental safety and safe waste management
- Environmental operational control programmes for negative-impact facilities
- Approved environmental impact rates and limits (for Environmental Hazard Category 2 facilities)
- Documents establishing buffer zones and sanitary protection zones
- Action plans for adverse weather conditions (for sources of air emissions)

397

internal audits completed in 2022

Precautionary Principle

Rostelecom is applying the Precautionary Principle in its environmental protection efforts.

The Company's unified risk management system evaluates environmental risks at defined intervals. Qualified experts identify the impacts and potential effects of projects that may affect the environment, in line with Russian environmental laws.

Environmental operational control

Environmental operational control (EOC) is a part of environmental safety measures.

EOC seeks to reduce the risk of negative environmental impact to an acceptable minimum. The Regulations on Environmental Operational Control in place define the composition, structure, organisation, and operational procedure for the EOC system.

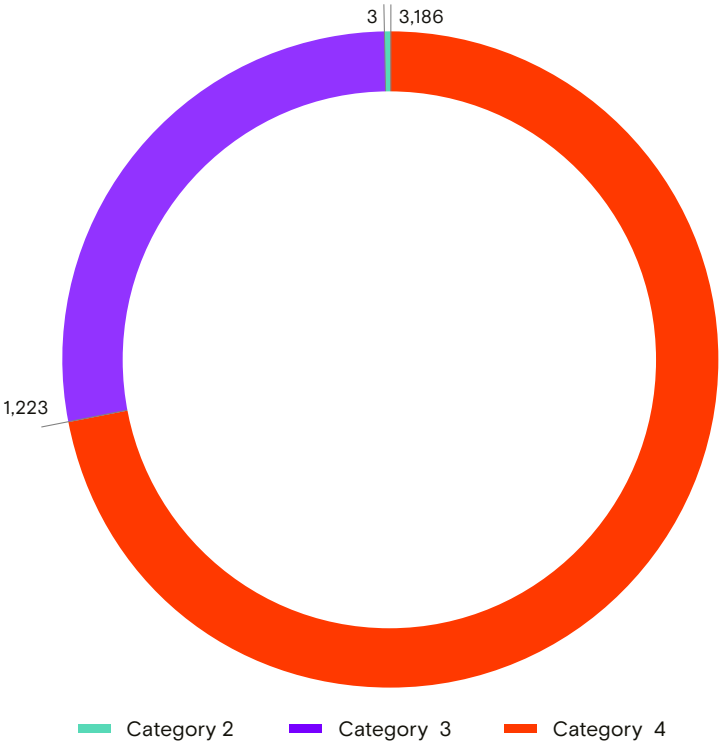
In 2022, the Company completed 397 internal audits (295 on-site and 102 desk audits), with 629 facilities audited and 710 gaps identified and closed.

The Company operates a total of 4,412 negative-impact facilities. During 2022, a total of 151 facilities were removed from the registry, 54 new sites were added to it, and 1,499 sites updated their negative impact data.

Negative-impact facilities are divided into four categories depending on the degree of impact:

- Category 1 – significant
- Category 2 – moderate
- Category 3 – insignificant
- Category 4 – minimal

Negative-impact facilities by category



¹ AD – Administrative Department.

Employee training in environmental protection

Rostelecom arranges specialised training for employees tasked with coordinating environmental safety management. Employees are trained at certified centres under programmes tailored to their specific skill levels. Furthermore, we employ remote learning formats, such as online courses and webinars.

In 2022, this training covered 93 employees. A significant part of employees received the required training in previous reporting periods, leading to lower training needs in the reporting year.

Specialised training (upskilling) programme	Duration of training, hours			Number of people trained			Training costs, RUB thousand, excluding VAT		
	2020	2021	2022	2020	2021	2022	2020	2021	2022
Environmental safety for managers and general business management specialists	72	72	72	121	70	75	474	178	268
Environmental safety for managers and specialists with environmental protection and environmental control functions	112–200	112	200	10	35	7	283	106	34
Specialised training required for Hazard Category 1–4 waste management	72–200	112	112	302	143	9	1,038	321	25
Other programmes	4–40	3–72	16	7	44	2	94	301	30
Total				440	292	93	1,889	906	357

Management performance evaluation

The President of PJSC Rostelecom evaluates the effectiveness of the Group’s environmental safety and environmental protection management during quarterly meetings with Senior Vice President – Chief of Staff of Rostelecom’s President. Rostelecom management evaluates progress on scheduled environmental initiatives, EOC results as well as the status of corrective actions on a quarterly basis.

The Operational Control Division of PJSC Rostelecom’s Headquarters reviews and updates environmental protection policies at least once every two years. No environmental policies were updated during 2022.

3.2. ENVIRONMENTAL INITIATIVES



174.5

RUB m Rostelecom Group’s total environmental protection expenditures and investments in 2022

The Group mitigates its environmental impact by decreasing the consumption of fossil fuels, implementing separate waste collection, reducing water withdrawal from natural sources, and engaging in various environmental initiatives and actions.

The Group’s environmental protection costs amounted to RUB 174.5 million in 2022, with most spending (72 %) directed to waste management. A total of RUB 7.6 million (4.3 %) was allocated to air pollution control and climate change mitigation.

No audits of Rostelecom’s environmental activities were conducted by state supervisory authorities in 2022.

Rostelecom’s total environmental protection expenditures and investments,¹ RUB m

Focus area	2018	2019	2020	2021	2022
Waste management	99.8	100.6	108.7	106.0	126.0
Soil, surface water, and groundwater pollution control	5.9	6.5	7.0	3.8	8.4
Air pollution control and climate change mitigation	5.8	5.7	9.8	8.4	7.6
Area improvements and urban greening	2.1	2.5	5.2	2.9	2.8
Employee training	1.6	1.6	1.9	0.9	0.4
Payments to the state budget for environmental pollution	11.2	8.4	7.1	2.6	3.3
Other focus areas	33.1	37.0	34.5	39.2	26.0
Total environmental expenditures	159.5	162.4	174.0	163.9	174.5

In addition to minimising its own environmental footprint, Rostelecom also develops solutions that assist business and government in addressing this pressing concern.

In 2022, the Group introduced a system to track and analyse environmental indicators. The software platform collects data from disparate environmental monitoring stations and combines them into metric dashboards on water, soil, air, and ecosystem components. The solution uses these metrics, including deviations from quality standards, to generate statistics and projections to inform environmental decision making.

The system will enable Russia’s regions to promptly address environmental issues, reducing associated risks by 20 % to 30 % while also accelerating the implementation of the Comprehensive Environmental Quality Monitoring System federal project.

¹ The indicators presented in the table include data for PJSC Rostelecom and the Group’s most significant subsidiaries and affiliates.



3.3. WASTE MANAGEMENT

Sustainable waste management is essential for Rostelecom. The Company aims to reduce waste generation and increase the proportion of waste sent for recycling. Over 99% of the Company's waste falls under the categories of low-hazardous and virtually non-hazardous waste (classified as Hazard Categories 4 and 5).

In 2022, the total mass of waste generated by Rostelecom increased by 8.1% from 2021, including Hazard Category 5 general office waste sent for landfilling by 25 %, Hazard Category 5 construction waste by 100 %, and Hazard Category 5 wood waste sent for landfilling and recycling by 50 %.

Rostelecom provides a service to monitor waste container sites. This solution enables monitoring of waste sites and detection of unauthorised waste sites.

Waste generation by hazard category,¹ tonnes

Hazard category	2018	2019	2020	2021	2022
1 – extremely hazardous	40.27	40.05	35.43	25.06	15.64
2 – highly hazardous	28.52	15.77	21.22	64.67	2.52
3 – moderately hazardous	39.27	33.4	26.38	23.53	23.75
4 – low-hazardous	20,616	21,502	21,281	26,353	25,855
5 – virtually non-hazardous	13,386	12,524	10,474	6,843	10,117
Total	34,109	34,115	31,838	33,310	36,014

Since 2018, we have been reducing the amount of Hazard Category 1 waste by cutting the use of fluorescent mercury-containing lamps. In 2022, Rostelecom decided to completely abandon mercury-containing lamps. Spent fluorescent lamps will be replaced with LED lamps of the same size.

The Company transfers all waste containing useful components and suitable for recycling and reuse to specialised organisations, along with waste possessing hazardous characteristics that require treatment.

Waste management at Rostelecom Group,² tonnes

	2018	2019	2020	2021	2022
Total waste generated	34,109	34,115	31,838	33,310	36,014
Sent to third parties for landfilling	30,617	30,591	28,888	31,024	31,664
Sent to third parties for neutralisation or recycling	3,221	3,319	2,878	2,225	4,339
Reused for own operational needs	272	205	72.0	60.5	11.2

¹ The indicators presented in the table include data for PJSC Rostelecom and the Group's most significant subsidiaries and affiliates.

² The indicators presented in the table include data for PJSC Rostelecom and the Group's most significant subsidiaries and affiliates.

Responsible consumption

The Green Office concept holds a prominent place in Rostelecom's strategy for sustainable development. We are expanding the number of offices where this concept has been rolled out. By leveraging the electronic document management system and electronic signatures for interactions with counterparties and between its units, Rostelecom saves paper and consumables.

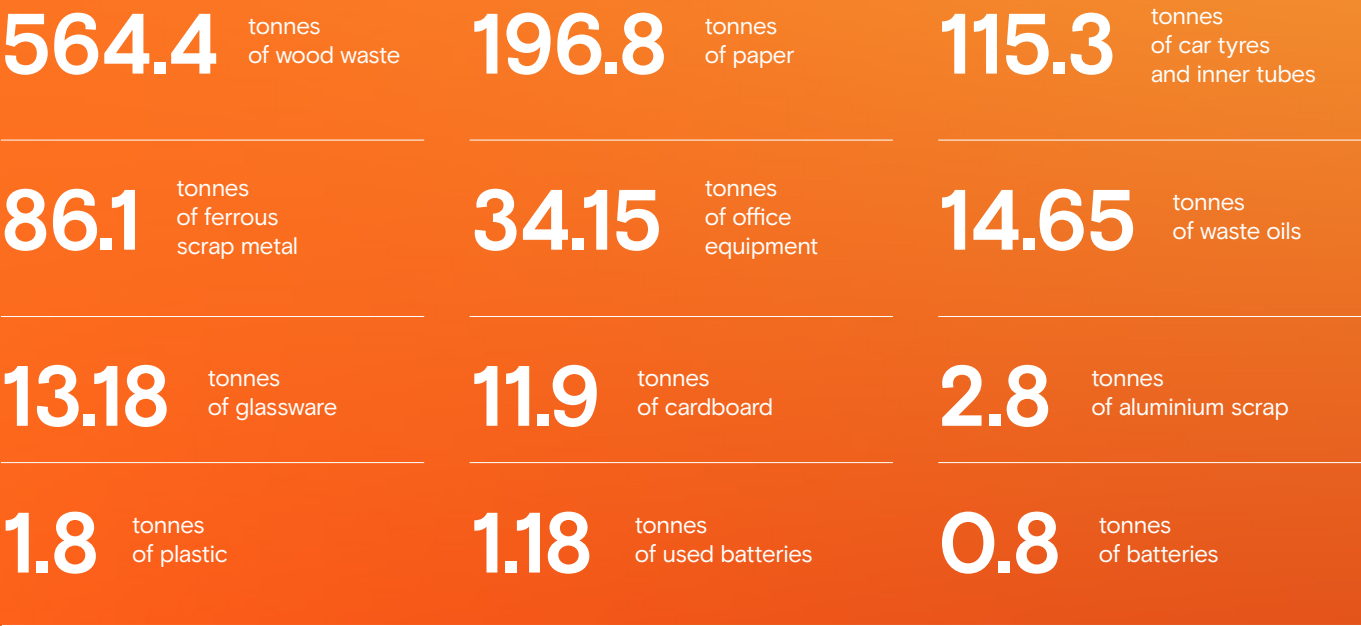
In line with the Green Office principles, Rostelecom:

- uses automated power and water meters
- provides separate waste collection
- uses environmentally safe consumables
- leverages electronic document management and videoconferencing solutions.

The Group is phasing in separate waste collection across Rostelecom's business units and subsidiaries and affiliates.

2,053

tonnes of waste were sent for recycling in 2022, including:



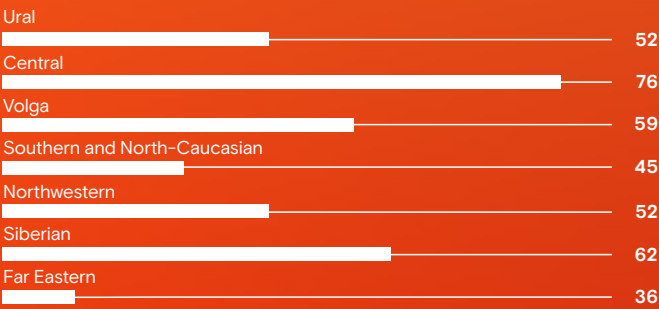
Paperless Office

In 2021, Rostelecom launched a project aimed to reduce the use of paper sevenfold and increase the share of electronic document flow within the Company to 90 %.

- In 2022, the Company was able to save 55 % on paper costs through the following measures:
- Disconnecting 17% of printers
 - Migrating all printers to domestic software for printer analytics and control
 - PR campaigns to promote digital solutions
 - Moving a range of documents to an electronic format

The Company intends to further reduce paper-based processes and promote environmental values among employees.

Savings by region of operation, %



Handling of paper waste by Rostelecom Group, tonnes

Indicator	2018	2019	2020	2021	2022
Paper waste	745.8	321.1	211.3	187.7	196.8
Paper sent for recycling	269.5	321.1	211.3	187.7	196.8

In 2022, the Company procured 499 tonnes of writing paper, marking a 57 % decrease compared to the 2021 figure of 1,155 tonnes. A total of 197 tonnes of paper waste was generated, and all of it was sent for recycling.

3.4. EMISSION MANAGEMENT

Emissions of air pollutants

The major sources of air emissions of Rostelecom are fossil fuel-fired boiler facilities. They are used to heat buildings not connected to public heating networks during the colder seasons of the year. When burned, coal and wood emit sulphur and nitrogen oxides, soot particles, and carbon monoxide. To mitigate our negative environmental impact, we are investing in upgrades of boiler facilities and converting them to more eco-friendly fuels, such as natural gas and renewable fuels.

All boiler facilities and other sources of vented emissions have gas cleaning systems to keep pollutant concentrations below their permissible limits.

Spent gas filters were replaced as scheduled during 2022. Rostelecom has developed action plans for Hazard Category 2 and 3 emission sources to address potential adverse weather conditions. These plans are designed to keep emission concentrations below permissible limits in bad weather.

To prevent air emissions from motor vehicles, the Group is purchasing Euro 5 vehicles only and phasing out vehicles that do not comply with this standard.

No excess emissions were registered in 2022. The mass of significant air emissions totalled 1,159 tonnes, down 14 % from 2021. The decrease was attributed to reduced coal consumption by boiler facilities. The mass of all pollutant emissions totalled 1,410 tonnes.

Significant air emissions of Rostelecom Group,¹ tonnes

Air pollutant emissions	2018	2019	2020	2021	2022
Significant air emissions					
Carbon monoxide (CO)	857	769	843	814	697
Nitrogen dioxide (NO ₂)	131	141	217	214	185
Sulphur dioxide (SO ₂)	116	103	101	96	78
Nitrogen monoxide (NO)	23	24	38	37	35
Soot	179	160	164	181	164
Subtotal	1,306	1,197	1,363	1,342	1,159
Other substances					
Particulate matter, excluding soot	–	175	274	240	183
Methane	–	1	1	1	1
Volatile organic compounds	–	71	69	76	65
Other pollutants	–	4	4	3	2
Total	–	1,451	1,729	1,662	1,410

¹ The indicators presented in the table include data for PJSC Rostelecom and the Group's most significant subsidiaries and affiliates.

Greenhouse gas emissions



Rostelecom strives to reduce its greenhouse gas (GHG) emissions by cutting down its fossil fuel use, driving energy-efficient and energy-saving initiatives, and cutting waste sent for landfilling.

In 2022, the Company achieved an 8.3 % reduction in its direct GHG emissions to 159 thousand tonnes of CO₂ equivalent (vs 173 thousand tonnes of CO₂ equivalent in 2021) due to lower consumption of most fossil fuels.

Indirect (Scope 2) GHG emissions decreased by 3 % to 1,419 thousand tonnes of CO₂ equivalent due to a reduction in both heating and electricity consumption.

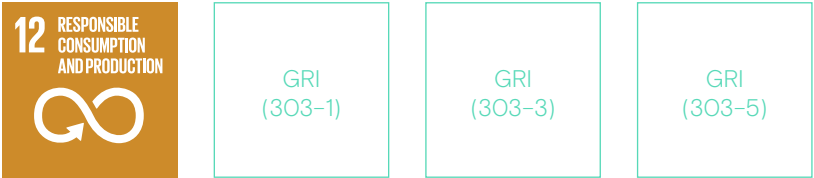
Scope 3 GHG emissions were up 5.6 % to 74 thousand tonnes of CO₂ equivalent. The growth can be attributed to a higher amount of waste sent to landfill and increased business travel.

GHG emissions by Rostelecom Group,¹ tonnes of CO₂ equivalent

Indicator	2018	2019	2020	2021	2022
Direct emissions (Scope 1)	181,429	184,436	180,943	173,249	158,823
Indirect emissions (Scope 2)	973,255	1,402,598	1,261,440	1,462,888	1,419,476
Total emissions (Scope 1 and 2)	1,154,684	1,587,034	1,442,383	1,636,137	1,578,299
Indirect emissions (Scope 3)	85,812	80,115	69,303	70,326	74,243

¹ The indicators presented in the table include data for PJSC Rostelecom and the Group's most significant subsidiaries and affiliates.

3.5. WATER CONSUMPTION



More than 90 % of Rostelecom units, subsidiaries, and affiliates use water from municipal centralised water supply systems.

Water wells, which are only used in some remote areas, have subsoil licences. Sanitary protection zones are established around the wells in accordance with legal requirements. The Company regularly monitors the quality of groundwater and ensures compliance with requirements for sanitary protection zones around water supply sources.

Water consumption,¹ thousand cu m

Indicator	2018	2019	2020	2021	2022
Total water withdrawal, including:	2,797	2,469	1,824	1,937	1,685
• groundwater	230	206	175	168	141
• municipal or other water utilities, including:	2,267	2,163	1,649	1,769	1,544
– cold water	2,067	1,943	1,483	1,581	1,363
– hot water	200	220	166	188	181
Supply to third parties (individuals, organisations)	122	86	89	89	76
Total water consumption	2,375	2,283	1,735	1,848	1,609

Recognising the importance of groundwater conservation, we are actively reducing our reliance on groundwater resources. During 2022, Rostelecom operated 73 wells. The Group's groundwater withdrawal decreased by 15.8 % from 168 thousand cu m in 2021 to 141 thousand cu m in 2022.

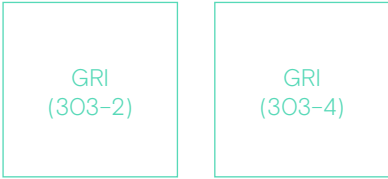
The Group does not withdraw water in areas with water stress.

Rostelecom transfers some of its withdrawn water to third parties, with 76 thousand cu m handed over in 2022.

To reduce water consumption, the Company is installing sensors on sink taps, swapping to dual flush toilets, and encouraging employees to take positive steps to save water. At the end of 2022, 70 buildings with a total area of 315.1 thousand sq m, or 4.4 % of total floor area of Rostelecom buildings, were equipped with water saving systems.

In 2022, the Group's water consumption decreased by 12.9 % year-on-year. One contributing factor was the reduction in the number of properties owned by the Group.

Wastewater discharge



Most of the wastewater used by Rostelecom is discharged into public sewage systems under existing contracts. Less than 1% of water is discharged into water bodies directly. This water is handled by the Company's treatment facilities before discharge.

67.7 %

reduction of water discharge into water bodies from 2018

- Water bodies into which we discharge wastewater are listed below:
- Lake Otradnoye (Priozersky District, Leningrad Region)
 - River Gzhat (Gagarinsky District, Smolensk Region)
 - Vassa Brook (River Klyazma, Noginsky District, Moscow Region)
 - Lyubuchanka Brook (River Rozhaika, Chekhovsky District, Moscow Region)
 - Bezemyanny Brook (River Darenka, Istrinsky District, Moscow Region)
 - River Gzhelka (Ramensky Urban District, Moscow Region)
 - River Dyorzha (Zubtsovsky District, Tver Region)
 - Bezemyanny Brook (Kashinsky District, Tver Region)

Total water discharge by Rostelecom Group, thousand cu m

		2018	2019	2020	2021	2022
Into water bodies (water ejectors)	planned	40.3	30.0	23.6	14.7	13.0
	unplanned	0	0	0	0	0
Into public sewage systems (under contracts)		2,065	2,204	1,833	1,681	1,548
Total		2,105	2,234	1,857	1,696	1,561

During 2022, the total volume of wastewater was down 8 %, while discharge to water bodies decreased by 11.4 %. There have been no unplanned wastewater discharges at the Company in the last five years.

3.6. AREA IMPROVEMENTS



Rostelecom improves its facilities by greening and enhancing the areas around them. In 2022, 13,550 sq m of land were improved, with 417 trees and shrubs planted and 3,632 sq m of flowerbeds and lawns made.

Group employees carry out regular cleaning of the surrounding areas. Throughout the year, they also took part in regional cleanup events, collecting and removing garbage, painting curbs as well as planting flowers, trees, and shrubs.

¹ The indicators presented in the table include data for PJSC Rostelecom and the Group's most significant subsidiaries and affiliates.

3.7. DIGITAL SOLUTIONS

Rostelecom develops solutions to mitigate the environmental impact of cities, including systems for managing municipal solid waste (MSW) and projects focused on energy-efficient urban lighting. The Company's solutions also help prevent large-scale forest fires.

Digital solutions for effective municipal waste management



Environmental challenge

Management of MSW

According to statistics, a person generates up to 400 kg of waste per year. Russia has over 650 thousand MSW containers installed at apartment blocks, which are managed by different entities. Their activities often lack coordination, resulting in the buildup of waste at container sites.

Our solution

Continuous monitoring of MSW sites

Rostelecom uses intelligent neural network modules for monitoring. These modules capture data to generate insights into the entire MSW management cycle, monitor compliance with the rules for setting up waste collection sites, the sanitation status, and overall condition of container sites as well as identify unauthorised waste sites.

Rostelecom's 2022 highlights

- The video surveillance system in Lipetsk was expanded to 5,000 cameras.
- The Kaluga Region MSW landfill was equipped with video surveillance system.

Rostelecom launched a digital platform for environmental monitoring in the Republic of Karelia. The system facilitates the collection and analysis of environmental data, encompassing air, water, and soil quality as well as background radiation. Its functionality also offers fire and flood alerts, forecasting, and modelling environmental changes. Based on the data collected, the platform automatically generates prompts for authorised individuals to mitigate potential risks.

Upgrading urban lighting



Environmental challenge

Reducing energy use and carbon dioxide emissions

Outdated municipal lighting systems in some Russian regions consume significant energy and incur high maintenance costs.

Our solution

Upgrading municipal lighting systems

Rostelecom undertakes to upgrade street and municipal lighting systems through energy service contracts. Our lighting-as-a-service projects fit out the streets of Russian cities and towns with modern, safe, and energy efficient lamps – all while saving natural resources and reducing electricity bills for municipal authorities.

Rostelecom's 2022 highlights

An energy service project was successfully completed, encompassing the upgrade of a lighting system and the retrofit of a heating system at Secondary School No. 12 in Anzhero-Sudzhensk, Kemerovo Region. The school will now be able to save more than 70 % on electricity bills.

Forest fire prevention



Environmental challenge

Forest fire prevention

According to WWF Russia, over the last two decades, an average of 10 million hectares of forests in Russia have been affected by wildfires annually. In addition to direct economic losses, fires harm public health, cause huge damage to biodiversity, and contribute to climate change by raising atmospheric CO₂ levels.

Our solution

Automated fire and smoke detection systems

Rostelecom's fire and smoke detection systems include 360° tower-mounted video surveillance cameras for automatic forest monitoring. The system automatically detects smoke clouds against the forest backdrop, determines the outbreak coordinates, and immediately sends data to a regional dispatch centre.

Rostelecom's 2022 highlights

- A video monitoring system was launched in the Khanty-Mansi Autonomous Area – Yugra, encompassing five ultra-sensitive smoke detection cameras.
- The Yamal-Nenets Autonomous Area received an extension of the video monitoring system. The system has been expanded to include four more video cameras.

3.8. ENERGY EFFICIENCY



The Company approved the Energy Policy of PJSC Rostelecom, establishing the Group's ambitions and key focus areas in energy efficiency. It covers all regional branches and was also adopted by all subsidiaries and affiliates.

The Group creates organisational, legal, economic, scientific, technical, and technological conditions enabling energy-efficiency improvements and wider use of new energy sources matching the specific profiles of the regions in which the Company operates.

Rostelecom Group's energy efficiency management structure

PJSC Rostelecom
Headquarters Energy
Management Group

- Defines the principles and strategic objectives for the Group's energy efficiency measures
- Reviews performance metrics at set time intervals

Regional branches and
subsidiaries and affiliates

- Ensure the operation of the energy management system
- Develop and implement energy efficiency projects to upgrade or repair energy consuming systems, equipment, and buildings
- Collect and analyse data to evaluate the outcomes of energy efficiency initiatives

External consultants

- Audits of the Group's energy management system

Rostelecom's performance targets for energy saving and energy efficiency improvement aim to:

- equip the Group's buildings, structures, and facilities with meters for water, natural gas, heating, and electricity
- reduce the specific consumption of electricity and heat as well as natural gas, cold and hot water across the Group's buildings, structures, and facilities (per sq m of floor space)
- reduce the specific consumption of fuels and lubricants across the Group (vehicle consumption per km).

Energy consumption



Rostelecom consumes electricity and heat as well as different types of fuel (gasoline, diesel fuel, natural gas, coal, and renewable fuels).

In 2022, the Company reduced its consumption of all types of energy, with the exception of liquefied natural gas. The surge in LNG consumption by 28% was driven by the increased use of vehicles running on gas. This move has enabled us to proportionally reduce gasoline and diesel consumption.

In 2022, the Company managed to reduce its coal use by 30 %. Coal is a primary source of sulphur and nitrogen oxide and particulate matter emissions, while its combustion generates coal ash.

12,054

thousand kWh
total renewable
fuel consumption
in 2022

Total fuel and other energy consumption at Rostelecom Group¹

	Unit of measurement	2018	2019	2020	2021	2022
Total energy consumption	thousand kWh	2,854,350	4,478,408	3,988,342	4,448,304	4,316,761
Electricity	thousand kWh	1,344,116	3,042,452	2,817,344	3,224,728	3,186,399
Heat	Gcal	1,298,568	1,234,700	1,006,877	1,052,086	971,937
Natural gas	thousand cu m	27,208	23,499	21,694	22,969	21,445
Liquefied gas	l	1,087,580	866,569	1,155,501	1,418,601	1,815,011
Coal	t	10,695	10,846	7,375	5,815	4,115
Firewood	cu m	9,238	7,367	6,100	6,077	4,456
Fuel briquettes (pellets)	t	503	231	260	291	331
Diesel fuel	l	7,956,848	8,279,680	7,895,918	7,768,314	6,949,544
Gasoline	l	28,644,554	37,758,724	37,584,170	37,175,201	33,801,282
Renewable energy (combustion of biomass)	thousand kWh	24,197	18,558	15,662	15,745	12,054
Electricity consumption per sq m of total floor space	thousand kWh/sq m	0.166	0.343	0.326	0.366	0.384
Heat consumption per sq m of total floor space	Gcal/sq m	0.160	0.139	0.117	0.119	0.117
Total energy consumption by data centres	thousand kWh	238,869	282,544	310,017	391,935	387,968
Average power usage effectiveness at data centres	ratio PUE ²	1.86	1.67	1.76	1.54	1.66

¹ Data for 2018 exclude Rostelecom's mobile operator, while data for 2019–2020 include Rostelecom's mobile operator.
² Power usage effectiveness.

Rostelecom Group's spending on energy resources, 2018–2022,¹ RUB thousand

	2018	2019	2020	2021	2022
Total expenses on fuel consumption for self-generation of energy	386,531	403,875	371,097	366,611	377,221
Natural gas	145,719	133,847	128,442	142,008	144,644
Gasoline	30,908	53,329	43,982	40,825	45,569
Coal	32,749	33,897	25,015	20,148	19,174
Diesel fuel / oil	160,659	168,732	161,052	150,183	156,535
Firewood	14,047	12,221	10,683	11,257	8,734
Fuel briquettes	2,449	1,849	1,923	2,190	2,565
Total expenses on fuel for vehicles and mechanical equipment	1,075,973	1,475,614	1,489,471	1,566,474	1,496,183
Gasoline	923,856	1,273,534	1,295,112	1,356,283	1,288,897
Diesel fuel	133,210	186,123	172,514	176,917	171,566
Liquefied petroleum gas (propane)	18,907	15,957	21,845	33,274	35,720
Total expenses on energy purchased from third-party suppliers	9,126,032	15,126,233	16,342,023	18,466,320	18,834,961
Electricity	6,929,256	12,903,849	14,207,152	16,103,002	16,528,761
Heat	2,196,776	2,222,384	2,134,871	2,363,318	2,306,200
Spending on energy efficiency projects	198,131	244,520	304,006	175,182	328,419

¹ Data for 2018 are excluding Rostelecom's mobile operator, while data for 2019–2020 are inclusive of Rostelecom's mobile operator.



Energy efficiency programmes and initiatives



Rostelecom has adopted an energy strategy. The Group upgrades networks and infrastructure, deploys more energy-efficient equipment, and is committed to using natural resources sustainably.

The Company develops integrated solutions to reduce energy consumption within the utility sector, upgrading gas, water, and heat supply systems and installing energy-efficient lighting.

The Group's investments in energy efficiency totalled RUB 328 million in 2022.

Rostelecom Group's investments in energy efficiency initiatives in 2022

Type of initiative	Facilities	Expenditures, RUB thousand
Installation of energy-saving light bulbs	7	6,363
Installation of sensor-based lighting controllers (in common areas)	0	0
Water supply system upgrades, installation of meters and water-saving systems	21	16,626
Gas supply system upgrades, meter installation	5	1,233
District heating substation upgrades, including retrofitting weather compensated heating systems	5	1,510
Installation and upgrades of heat meters	93	38,201
Heat supply system repairs and upgrades (outdoor and indoor lines, heating systems)	70	107,030
Boiler facility upgrades (including shutdown of existing and construction of new facilities)	20	18,962
Building upgrades and renovations to reduce heat losses, including:		
• installation of PVC windows	85	91,988
• thermal insulation of roofs	8	15,262
• thermal insulation of facades	13	30,425
• other works	1	819
Total	328	328,419

PJSC Rostelecom is focused on implementing its Energy Saving and Energy Efficiency Programme for 2019–2023, aimed to reduce energy consumption and curb the growth in energy expenses through a range of technical and organisational energy-saving measures that take into account electricity rate increases and our network expansion.

Specific energy consumption reduction targets of PJSC Rostelecom until 2023

	Unit of measurement	2018	2023	Change, %
Specific electricity consumption per sq m of floor space in buildings	kWh/sq m	157.2	134.0	–14.76
Specific heat consumption per sq m of floor space in buildings	Gcal/sq m	0.149	0.139	–6.7

Actual reduction in PJSC Rostelecom's specific energy consumption

	Unit of measurement	2020		2021		2022	
		Plan	Actual	Plan	Actual	Plan	Actual
Specific electricity consumption per sq m of floor space in buildings	kWh/sq m	152.5	162.5	147.5	156.7	141	173.5
Specific heat consumption per sq m of floor space in buildings	Gcal/sq m	0.142	0.125	0.141	0.125	0.140	0.128

Electricity efficiency measures

Electricity-saving measures include:

- upgrades to power supply units (PSUs) with higher efficiencies and performance
- introduction of balanced ventilation systems (BVS) that use outside air temperature to cool process rooms and data centres
- replacing legacy lighting with LED
- installation of motion, light level, and presence sensors (LED-based)
- rollout of automated meter reading (AMR).

Key organisational activities include:

- transition from a guaranteed electricity supplier to an independent electricity supplier
- on-site audits to reduce costs
- tariff optimisation.

The benefits delivered by the electricity-saving programme in 2022 totalled RUB 226 million; its performance was assessed across the following areas:

- The long-term estimated effect of the investment initiatives implemented between 2019 and 2021 (PSUs, BVS, LED, and AMR), totalling approximately RUB 172.7 million in 2022, including:
 - RUB 94.5 million – AMR rollout
 - RUB 42.4 million – an estimated effect of energy supply contracts with an independent electricity supplier
 - RUB 12.3 million – savings achieved through lower power consumption in process equipment
 - RUB 11.5 million – revenue generated from the sale and leasing of cable lines and transformer substations
 - RUB 12.0 million – other initiatives

- Investment measures totalling RUB 66.7 million in 2021, allocated to PSU upgrades (28 units) and BVS installation (155 systems), with the total effect coming in at RUB 48 million in 2022
- The audit of electricity supply contracts yielded impactful outcomes: tariff-based voltage levels were improved in 43 regional branches, and the level of subsidised losses was reduced across 48 branches. This collective effort resulted in a substantial overall effect of RUB 5.4 million

Energy-saving initiatives

To save energy, Rostelecom is installing LED lights, weather-compensated heating controllers, and water-saving solutions across its office buildings and spaces.

Energy efficiency of PJSC Rostelecom's buildings and offices that use saving systems

Type of energy/resource-saving systems	2020				2021				2022			
	Number of buildings		Total building area		Number of buildings		Total building area		Number of buildings		Total building area	
	units	%	sq m	%	units	%	sq m	%	units	%	sq m	%
Energy-saving light bulbs	3,901	12.6	1,125,824	13.3	3,922	12.7	1,189,842	15.0	3,929	13.1	1,191,966	16.8
Sensor-based lighting controllers (in common areas)	425	1.4	519,949	6.2	426	1.4	522,281	6.6	426	1.4	522,281	7.4
Weather-compensated (climatic) heating controllers	465	1.5	1,665,279	19.7	468	1.5	1,680,772	21.2	473	1.6	1,698,729	24.0
Control valves on heating appliances (manual or automated)	698	2.2	1,344,865	15.9	698	2.2	1,344,865	15.9	698	2.3	1,344,865	19.0
Water-saving systems (sensor taps, dual flush toilets)	70	0.2	315,095	3.4	70	0.2	315,095	3.4	70	0.2	315,095	4.4
Integrated electronic heat and energy control systems (Smart Office)	13	0.04	157,261	1.9	13	0.04	157,261	1.9	13	0.04	157,261	2.2
Free cooling (data centres, server rooms, process equipment)	540	1.7	375,435	4.4	540	1.7	375,435	4.4	695	2.3	483,199	6.8

To provide cooling for data centres, server rooms, and process equipment, the Company is installing free cooling systems using outside air. In addition, we have continued to roll out smart office technologies across our premises, including integrated electronic heat and energy control systems.

Energy service technologies

In addition to investing in own energy-efficiency projects, Rostelecom is focused on tailoring customer-specific energy-efficiency solutions. The Company provides services to upgrade lighting systems in Russia's regions through energy service contracts. An energy service contract is a special type of agreement designed to achieve operating expense savings through the implementation of energy-efficient initiatives and the rollout of energy-saving technologies. By offering energy service contracts, Rostelecom performs the role of an investor who gets paid for a project by capturing cost savings achieved through the rollout of energy-saving technologies.

Rostelecom is running such projects in the Sverdlovsk and Smolensk Regions.

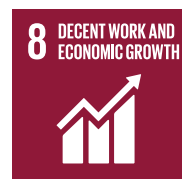
Alternative sources of electricity

We use alternative energy sources (wind and solar) to power telecommunications equipment installed in sparsely populated areas far from power grids.

In total, 62 facilities of the Company use alternative sources of electricity, including:

- 48 solar installations
- 14 hybrid wind and solar installations.

3.9. OCCUPATIONAL SAFETY



Rostelecom is responsible to its employees, customers, and partners for ensuring occupational health and safety and creating an enabling working environment.

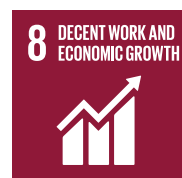
The Group strives to minimise any potential negative impacts on people, natural resources, and the environment. The Company complies with all applicable legal requirements for setting-up safe work protocols.

The Company's operational control system ensures sustainable operation of its facilities and compliance with fire and industrial safety regulations.

98

facilities equipped with fire protection systems worth RUB 278 million in 2022

Fire safety



As part of its fire safety efforts, Rostelecom and its subsidiaries and affiliates upgrade and repair fire protection systems. Fire safety compliance is subject to regular monitoring, accompanied by audits conducted by supervisory authorities.

Throughout 2022, a total of 35 facilities underwent audits by fire authorities. As a result of the audits, 156 corrective actions were recommended to eliminate the identified gaps. A single fine of RUB 3,000 was issued to relevant officers for fire safety breaches; however, no fines were levied against any legal entities.

Fire incidents at PJSC Rostelecom facilities

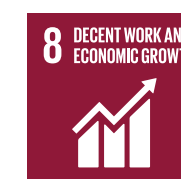
	2018	2019	2020	2021	2022
Number of fires	32	22	22	23	24
including caused by third-party organisations or individuals	18	4	7	6	9

1,789

Rostelecom employees participated in upskilling and retraining fire safety programmes in 2022



Industrial safety



29.06

RUB m spending on industrial safety in 2022, including RUB 1.2 million on insurance of hazardous facilities

In 2022, Rostelecom Group operated a total of 185 hazardous facilities, including 85 facilities classified as Hazard Category 3 (gas grids). All of these facilities are registered with the Federal Environmental, Industrial, and Nuclear Supervision Service (Rostekhnadzor) and insured.

There were no accidents or incidents at Rostelecom's hazardous facilities, and no fines or warnings were received from supervisory authorities in the reporting period. A total of 336 internal inspections were conducted in 2022, with 786 violations detected or prevented.

04 S — SOCIAL



4.1. For customers, for society, for the nation

4.1.1. OUR APPROACH



Rostelecom shapes the telecom market and provides digital opportunities for Russian citizens. The Company's projects and strategic initiatives include building and developing ecosystems of digital products and solutions for the society and business

The Company is committed to improving the quality of life for its customers by actively deploying advanced technologies and investing in infrastructure projects, including those supporting the ESG agenda. Rostelecom establishes centres of excellence for data centres and cloud services, creates solutions for cybersecurity, digital regions, e-government, video surveillance and analytics, and smart services for households and businesses, and develops digital healthcare services.

As part of its updated 2025 strategy, Rostelecom consolidated leadership position in its key markets in 2022 while maintaining a strong focus on transforming itself into an integrated provider of digital services and a reliable partner for society, business, and the state. The Company is committed to developing products that meet both high technology standards and sustainability principles.

In 2022, key customer segments showed growth in service users. The Company also boosted revenues from innovative digital clusters, primarily from platform solutions for digital public services, cloud services, data centre-based services as well as other digital products.

The Company's mobile business continued to outpace the market while showing a significant growth in sales of its converged offers.

In the reporting year, the Company's B2O revenue also showed growth thanks to wider fibre coverage and a larger number of other mobile operators' base stations serviced by Rostelecom.



Key achievements in the major segments and clusters in 2022



Improved customer care and better service quality led to a significant increase in NPS of Rostelecom's key services (broadband fibre up 5 p.p. and TV fibre up 3 p.p.) and lower subscriber churn, including in broadband down 15 % year-on-year and in pay TV down 11% year-on-year.

2022 saw rapid development of speech analytics, including for the automatic customer service quality control of all customer-facing teams. When an employee or a customer shows a change in tone, the dialogue fraught with conflict is automatically flagged for human review, enabling faster elimination of communication failures and refining of business processes.

In 2022, Rostelecom continued to integrate payment services into its products. Rostelecom Moscow scaled the Faster Payments System (FPS) to customer accounts (web and mobile applications) while also raising awareness of the service among customers and optimising payment scenarios. As at the end of 2022, 51% of retail customers, on average, used the FPS to pay for the Company's services.

¹ Operator-to-Operator.

² Core Live Subs.

³ A private cloud is the opposite of a public cloud, where a pool of physical resources (a physical server) is leased to one tenant or organisation only.

⁴ Security Operation Center.

Driving subscriber loyalty and improving customer experience

Rostelecom sees attracting and engaging new subscribers as well as business and government customers, including through social projects, as an important focus area. This approach has become an integral part of the Company’s efforts to build loyalty.

Improving customer experience means that we prioritise customer needs and make every effort to remove obstacles to high-quality connectivity and impeccable service. Rostelecom’s ecosystem is built on a customer-centric model and grows through customer feedback and continuous improvement of customer journeys, enhancement of clear and relevant service offerings, and the opportunity for customers to rate our performance.

Development of digital and promising products (B2C)

Moving-in

2022’s highlights in customer service included further progress on the Moving-in project providing a seamless moving experience to relocating customers wishing to keep the same telecom services at their new home. Service relocation was provided to 218 thousand subscribers in 2022. The Online Moving-in digital channel continues to benefit customers wishing to apply for the relocation service online, which requires just completing a form on the product’s webpage. The Company then contacts the customer and helps them with moving their internet connection, IPTV, and home phone to a new location. Users of this communication channel totalled 68 thousand in 2022, up 4 % year-on-year.

Gaming services

In 2022, the Gaming Services product at the igrovoy.rt.ru platform offered an opportunity to connect the resources of Lesta Games, VK Play, 4game, GFN Cloud Gaming, and VK Play Cloud as well as to subscribe to Rostelecom Books from LitRes. The exclusive GFN Cloud Gaming daily payment plan was also launched. Tournaments held jointly with Lesta Games have improved the core audience awareness of the marketed gaming services.

Lyceum online educational platform

- The Lyceum online educational platform’s accomplishments in 2022:
- Integration into the mobile operator’s billing platform with a monthly fee: subscribers can now take up Lyceum from their accounts at a special price
 - Integration of the Lyceum subscription into the Mixx multi-subscription platform
 - A career guidance section was added to the platform, offering newly developed vocational tests and new career guidance courses
 - Development and launch of gamification systems on the platform: quests, points for completed lessons, tests, and other activities on the platform, etc.

Warranty Plus

The Warranty Plus service (extended warranty) increased the penetration of the user base of the Home Internet service by 23 % year-on-year, with revenue up 46.3 % year-on-year.

218
thousand customers
used the Moving-in
service in 2022

5 p.p.
margin growth
for the Antivirus
service

Antivirus

The Company retained its leadership in the antivirus product penetration of the Home Internet user base. New partner solutions introduced in 2022 and rebundled into more customer-friendly options boosted margins by 5 p.p. year-on-year to 72 %.

Rostelecom Key

Over 20 tweaks were made to Rostelecom Key to enhance customer experience in 2022, pushing the service’s NPS up 3 p.p. to 48 %. The Key’s active audience reached 198 thousand, up 87 % year-on-year.

As at the end of 2022, Key was installed in more than 3,300 apartment buildings (410 thousand households), with its door phones at more than 9,000 entrances.

Cloud Video Surveillance

The Video Surveillance service is part of the Smart Home ecosystem designed to provide security and home automation. NPS of Video Surveillance and Smart Home grew 3 p.p. year-on-year to 51% in the fourth quarter of 2022. A customer can install any number of smart cameras anywhere in the world, receive alerts when a built-in motion sensor is triggered or a camera is obscured, watch and save specific periods of video archive using a mobile app or their online customer account from anywhere in the world. A cloud-based video storage and processing platform allows archiving videos for a period of up to 30 days.

Cumulatively, the Company has sold over 820 thousand CCTV cameras. In the fourth quarter of 2022, the active user base of Video Surveillance grew 13 % year-on-year. In 2022, the service revenue surged by 116 % year-on-year, driven by robust customer demand for CCTV analytics, monitoring, and record storage services.

Customer service excellence (B2B/B2G)

The Company strives to constantly improve the quality of service for business and government customers, including to promote the sustainability agenda. For example, Rostelecom launched a 24/7 technical support hotline for businesses from all over the country in 2022. For all major client companies, the Company completed a seamless transition to a single service number. The technical support employees were trained to a single standard. Rostelecom created a one-stop shop platform to provide its customers with technical support.

- In 2022, the Company provided Wi-Fi internet access at a number of major events.
- For the Eastern Economic Forum, Wi-Fi access was provided using the Wi-Fi 2.0 platform running upon the existing network of the event venue, Far Eastern Federal University. The platform and service proved highly reliable: no authorisation or network connection failure was reported during the days of the event.
 - At Kazan Expo, the Company installed more than 300 Wi-Fi hotspots across the exhibition centre to provide high-speed internet, enabling online broadcasting, interactive TV, and IP telephony.
 - At Razumovsky Saratov State Medical University, Rostelecom installed 520 Wi-Fi access points, making the university’s network the largest in the region.

116 %
increase in the Video
Surveillance service
revenue

520
Wi-Fi access points
installed at Razumovsky
Saratov State Medical
University



Videoconferencing

Rostelecom launched Web-Videoconferencing, a new cloud-based service, providing a secure videoconferencing platform with a user-friendly interface to businesses of all sizes. Based entirely on Russian solutions, the service uses the Company's cloud capacity and provides a secure environment for communication. The product targets organisations that use remote communications, from small and medium-sized enterprises to large corporations. The best choice for SMEs is the standard functionality version, while large companies or organisations may want to opt for a Personal Video Server with advanced features.

Print service

In 2022, the Company launched Rostelecom Print Service, based on the Rostelecom SKIT¹ multifunctional software platform and included in the Unified Register of Russian Programmes for Electronic Computers and Databases. Developed in-house, the system can be adjusted or adapted to third-party solutions to meet customer requirements. The software solution is designed for companies operating a large fleet of printing equipment and looking to optimise consumables. The service allows users to monitor printer consumables online and receive alerts when cartridge levels are low, which helps to optimise the costs of printing and consumables, thus making a positive impact on the environment while preventing possible data leaks.

Voice assistant

In the Irkutsk Region, the Company completed a project to automate handling of citizens' calls to number 122 based on the AI-driven Voice Assistant service. Patients can now request a house call, make an appointment, or find out whether their medical test results are ready – all via the single call centre at 122. In contrast to voice response, a voice assistant handles over 80% of calls, passing on just 20% of them to a human operator. Thanks to this solution, healthcare facilities are now able to handle more requests from citizens during peak illness periods.

¹ A system for control, stock counting, and technical support.

B2C customer base, million subscribers

Service	2022	2021	Change, %
Fibre-optic services			
Fibre broadband	10.3	9.8	5
IPTV	6.6	6.3	5
Traditional services			
Local telephony services	8.9	9.9	–11
xDSL broadband	2.2	2.5	–13
Cable TV	4.3	4.4	–2

B2C ARPU, RUB

Service	2022	2021	Change, %
Fibre-optic services			
Fibre broadband	391	380	3
IPTV	304	304	0.3
Traditional services			
Local telephony services	221	222	–1
xDSL broadband	475	461	3
Cable TV	193	189	2

Customer base in the corporate and government segments, million subscribers

Service	2022	2021	Change, %
Fibre-optic services			
Internet access			
B2B/B2G: Fibre broadband	0.7	0.7	3
B2B/B2G: Fibre broadband + VPN	1.1	1.0	8
Virtual PBX	0.245	0.218	13
Traditional services			
Local telephony services	2.5	2.6	–3
xDSL broadband	0.138	0.183	–24

ARPU in the corporate and government segments, RUB

Service	2022	2021	Change, %
Fibre-optic services			
Internet access			
B2B/B2G: Fibre broadband	2,876	2,819	2
B2B/B2G: Fibre broadband + VPN	4,121	4,086	1
Virtual PBX	844	948	–11
Traditional services			
Local telephony services	575	571	1
xDSL broadband	1,472	1,376	7

4.1.2. DIGITAL SERVICE ECOSYSTEMS



Our mission is to provide convenient and high-quality digital services for a comfortable life and effective business.

Rostelecom unlocks new digital opportunities in all areas of Russian citizens' lives. The Company's innovative projects and strategic initiatives are changing the lives of millions of people for the better. We develop and deploy digital products and solutions for society, business, and the state, creating a comfortable and accessible digital environment for all customers.

As part of its strategic plan for 2021–2025, the Company continues to evolve as Russia's largest integrated provider of digital services and solutions and a reliable partner for society, business, and the state.

Development of Rostelecom's innovative products in 2022¹



B2C | Wink video service

In 2022, the Company maintained its focus on the product adoption, entering a new market in Armenia's OTT segment and adding Wink to all bundles offered by its mobile operator (Movie Tariff).

Another initiative was the 5-in-1 campaign, which made more than 50 thousand movies from popular video services Wink, more.tv, START, viju, and Kinopoisk available to customers.

Starting from 2022, users can purchase a subscription to the VK music service in their Wink apps.

Thanks to a strategic partnership with VTB, it is now possible to pay for any Wink content with the bank's loyalty points.



B2C | Gaming services

From 2022, the igrovoy.rt.ru platform offers an opportunity to connect gaming options of platforms such as Lesta Games, VK Play, 4game, GFN Cloud Gaming, and VK Play Cloud as well as to subscribe to Rostelecom Books from LitRes. An exclusive daily rate was also launched. Tournaments held jointly with Lesta Games have improved the core audience awareness of the marketed gaming services.



B2C | Smart Speaker

Distribution channels were expanded, and new promotional mechanics were launched. Rostelecom commenced sales of smart speakers to other segments and regions and added new voice functionality to Marusya, Wink's integrated voice assistant. We made voice control feature available with a wider range of devices, launching it for Smart TV and Android devices and making a number of integration improvements enabling better interfaces between the smart speaker and Rostelecom's services going forward.



B2B/G | Print service

In 2022, the Company launched Rostelecom Print Service, based on the Rostelecom SKIT multifunctional software platform. The software solution is designed for companies operating a large fleet of printing equipment and looking to optimise consumables. The service allows users to monitor printer consumables online and receive alerts when cartridge levels are low, which helps to optimise the costs of printing and consumables and prevent possible data leaks.



B2B/G | Light Wi-Fi

Based on the innovative Wi-Fi 2.0 platform, Rostelecom developed Light Wi-Fi, a new product enabling customers to set up two independent Wi-Fi networks, a public and a private one for employees to access company devices and network storages. To take up the service, no dedicated access points are needed: the customer's existing Wi-Fi router will suffice.



B2B/G | Videoconferencing

Rostelecom launched Web-Videoconferencing, a new cloud-based service, providing a secure videoconferencing platform with a user-friendly interface to businesses of all sizes. Based entirely on Russian solutions, the service uses the Company's own cloud capacity and provides a secure environment for communication. The product targets organisations that use remote communications, from small and medium-sized enterprises to large corporations.

¹ For more details, see the Operating Review section.

Rostelecom’s sustainability projects



In 2022, the Company continued to pursue projects that improve the quality of life for its customers in focus areas defined by the International Telecommunication Union, among others.

Priorities	Projects
Capacity building	<ul style="list-style-type: none">• Business Drive Academy as a driver of demand for digital services• Rostelecom Lyceum• Rostelecom Books
Network infrastructure and digital infrastructure	<ul style="list-style-type: none">• Infrastructure development as a strategic priority for the Company, including mobile and satellite communications networks and submarine cables.
Environment	<ul style="list-style-type: none">• Rostelecom presented and launched in two Russian regions a platform for environmental monitoring and safety control of industrial enterprises as well as regions and cities, capable of combining solutions from different vendors.• The solution facilitates the collection and analysis of environmental data, encompassing air, water, and soil quality as well as background radiation level. Its functionality also offers fire and flood alerts, forecasting, and modelling environmental changes. The service also collects all environmental metrics for an area and automatically generates a list of risk mitigation prompts and actions.
Digital inclusion	<ul style="list-style-type: none">• The Company is focused on deploying digital solutions through its project to bridge the digital divide, educational projects for businesses, and automation in government.
Public policy and regulation	<ul style="list-style-type: none">• Under Rostelecom’s updated strategy, the Digital Region and the Public Sector Digital Services and Products clusters promote government digitisation.

Digital services and applications	<ul style="list-style-type: none">• Rostelecom continued to focus on enabling personalised services and more easy-to-use customer accounts and mobile apps, including for individual (My Rostelecom) and corporate users (Smart Office).
-----------------------------------	--



Telecommunications for emergency services	<ul style="list-style-type: none">• 112 services and satellite communications networks. Rostelecom signed an agreement with Russia’s EMERCOM on information and expert and analytical partnership to team up on projects to develop communications standards and innovative technologies for protecting population and areas from emergencies and improve emergency alerting and communication.
Statistical data	<ul style="list-style-type: none">• In 2022, the first off-the-shelf big data solution was launched: a platform to analyse regional tourist flow and guest profile.
Digital innovation ecosystems	<ul style="list-style-type: none">• By developing data centres and cloud services as a separate cluster, the Company contributes to building digital service ecosystems for businesses and the government.

For more details on Rostelecom’s 2022 operating results, see Rostelecom’s Annual Report 2022.

4.1.3. CONTRIBUTING TO THE DIGITAL ECONOMY. BRIDGING THE DIGITAL DIVIDE

GRI
(203–1)

PJSC Rostelecom is involved in the Digital Economy of the Russian Federation national programme, approved by the Russian Government in 2018.

The Company is building digital infrastructure to benefit the country. Implementation of major infrastructure projects in the national interest is central to building a digital economy. Rostelecom is fully committed to these vital projects of national significance. Each such project makes a difference for millions of people and is a milestone in the transition towards a common digital space.

In order to implement federal projects, Rostelecom relies on its own backbone data network, cloud infrastructure, and integrated IT solutions, including those developed in Russia. All projects are aligned with the strategy adopted by the Company and support the long-term goals of Rostelecom and all its stakeholders.

Priorities in partnering with government customers

Delivering infrastructure and providing communication channels

- Expanding the coverage of the core communications infrastructure
- Developing modern communication channels
- Enhancing the digital ID and UBS¹ technology and infrastructure

State projects and programmes

- Implementing national communications infrastructure initiatives (Digital Economy, Bridging the Digital Divide, connection of social infrastructure facilities)

Digitising key processes

- Enabling operations of public authorities (E-Government infrastructure, Digital Region)
- Enabling communication of people and businesses with the government (single digital profile, expansion of the Public Services Portal functionality)

¹ Unified Biometric System.

Centre of Excellence activities under the Information Infrastructure project

The Centre of Excellence within the Information Infrastructure federal project (the Centre of Excellence), set up at Rostelecom, continued to operate throughout 2022.

Along with Rostelecom employees, over 150 experts representing the leading Russian organisations, including major telecom operators, banks, and data centre operators, as well as federal executive authorities and state-owned corporations actively participated in the work of the Centre of Excellence. In 2022, the Centre of Excellence collaborated with members of the themed working groups for communications networks, data centres, and digital platforms to review 68 requests to change the project charters of the Information Infrastructure and Internet Access through Satellite Development federal projects, prepare eight opinions, and take part in six meetings of the Information Infrastructure working group.

150

EXPERTS PARTICIPATED IN THE CENTRE OF EXCELLENCE ACTIVITIES

In addition, specialists at the Centre of Excellence prepared and elaborated their proposals to improve Russia's performance in international digital economy rankings and organise initiatives to deliver 10-Gbps+ internet speeds to tower blocks as well as took part in updating the Modern and Promising Mobile Networks roadmap and establishing a working group of Radio Research and Development Institute (NIIR) for drafting regulations related to the development of Internet of Things technologies.

In 2021, the Centre of Excellence developed roadmaps for measures to encourage operators' investments in communications networks development through advanced technologies as well as plans to develop 5G and the Internet of Things.

These efforts involved defining further frequency conversion activities jointly with the government, including in the 700 MHz band. Specialists at the Centre of Excellence prepared proposals to improve Russia's performance in international digital economy development ratings and took part in drafting the strategy of the Digital Economy autonomous non-profit organisation to 2024.

Bridging the Digital Divide

Rostelecom is a universal service provider and has a universal service obligation under the Federal Law On Communications with regard to the following services:

- Mobile radio telephony services
- Data transmission and provision of internet access via access points
- Telephony services via payphones

To provide mobile radio telephony services, the Company is implementing the second phase of its project to bridge the digital divide, under which base stations are installed in communities with populations between 100 and 500 people to provide GSM voice services and LTE data services. Base stations are connected to the network via fibre links.

13,912

ACCESS POINTS IN USE TO PROVIDE DATA SERVICES

In 2022, Rostelecom started to provide mobile radio telephony services in 655 communities, fulfilling its obligations under the contract with the Russian Ministry of Digital Development, Communications, and Mass Media in time and in full.

At the same time, in 2022, the Company provided mobile radio telephony services in 1,201 communities where mobile radio telephony networks had been deployed in previous years. As at 2022-end, the number of active subscribers in these communities totalled 120 thousand people.

In 2022, data services and internet access were enabled through 13,912 access points connected to the communications network via 122 thousand km of fibre. The communications infrastructure was built under the first phase of the Bridging the Digital Divide project earlier.

Telephony services were provided in 2022 using 35,661 payphones. All types of connections, except for international, are free of charge for the users according to the Company's decision.

Developing modern and promising mobile networks in Russia

In the second half of 2022, the Company finalised and approved the charter of the roadmap for the Modern and Promising Mobile Networks (MPMN) high-tech segment until 2030.

In December 2022, the Russian Government and industry players signed an agreement of intent to develop the MPMN high-tech segment.

In accordance with Instruction No. MM-P10-10127 of Prime Minister of the Russian Federation Mikhail Mishustin, dated 16 June 2022, industrial competence centres were set up in order to bring together digital leaders among industry players for the subsequent selection and implementation of import substitution projects. Once reviewed and approved, projects for the Mobile Communications industrial competence centre (ICC) are included in the MPMN roadmap.

In 2022, Rostelecom carried out the following activities under the MPMN agreement:

- Prepared proposals for a white paper on promoting the MPMN high-tech segment
- Entered into a forward contract with PROTEI R&D Centre for the supply of solutions for 4G/LTE mobile radio telephony backbone networks. The solutions will be delivered and rolled out in four phases from 2025 to 2027
- Entered into a forward contract for the delivery of products for 4G/LTE mobile radio telephony backbone networks. The products will be delivered and rolled out in phases in cooperation with a developer of software for base stations. The Company has prepared a development plan until 2028. By 2025-end, the Company is planning to supply at least 250 base stations included in the unified register of Russian radio electronic products, subject to the list approved by the Russian Ministry of Digital Development, Communications and Mass Media
- The Company entered into a forward contract for the supply of equipment from the relevant product line with product shipments expected to start in 2025

In addition, the Russian Government built a mechanism to support particularly significant projects using the resources of the Russian Information Technology Development Foundation. The Mobile Communications ICC's site was used to develop a project designed to finalise and implement a 4G core network, which was recognised by the Presidium of the Government Commission on Digital Development and the Use of Information Technologies to Improve the Quality of Life and Business Environment as particularly significant and successfully passed the competitive selection of the Russian Information Technology Development Foundation. The project will be implemented by Rostelecom and the solution's developer, PROTEI R&D Centre. The grant allocated to the project totalled RUB 1 billion.

Key focus areas of the MPMN roadmap in 2023 will include its monitoring and update as well as ensuring the preparation of proposals for a white paper on promoting the MPMN high-tech segment.

250

base stations
to be installed
by 2025-end

New communication internet technologies

As part of the Digital Technologies federal project implemented in Russia under the Digital Economy national programme since 2021, government-supported steps are being taken to develop new communication internet technologies (NCIT).

Rostelecom is involved in the NCIT development effort under an agreement of intent signed with the Russian Government in 2020 and renewed in December 2022.

This agreement is primarily implemented using the roadmap for the New Communication Internet Technologies high-tech segment as approved by the Government Commission on Digital Development and the Use of Information Technologies to Improve the Quality of Life and Business Environment.¹ In December 2022, the NCIT roadmap was updated along with the agreement.

The NCIT segment includes communications, leisure, and gaming services as well as technologies and solutions that support further development of these services (search and recommendation, intelligent content generation and adaptation, generated content recognition, and virtual and augmented reality technologies as well as related products and solutions).

The roadmap envisages the development of such technologies and solutions through a range of measures of financial and non-financial support for NCIT-enabled projects and products.

During 2022, Rostelecom representatives were strongly engaged in the work of expert and thematic NCIT commissions at the Russian Information Technology Development Foundation and of the panel of expert judges at the Foundation for Assistance to Small Innovative Enterprises (FASIE).

In 2022, the free accelerator programme of the Internet Initiatives Development Fund (IIDF) for IT entrepreneurs implementing NCIT projects and focused on the Russian market was continued. The programme has been developed with the support of PJSC Rostelecom and the Russian Ministry of Digital Development, Communications, and Mass Media. In 2022, three NCIT project competitions were held for participation in accelerator programmes, and three accelerator programmes were completed, involving Rostelecom representatives as external experts and members of the contest's jury panel.

Rostelecom is committed to enhancing its proprietary NCIT products and services, such as the Wink video service, game market, and Rostelecom Lyceum online service, while also developing its own CDN² network.

During 2022, PJSC Rostelecom also provided regular expert advice and coordination for engagements between the NCIT roadmap stakeholders.

Proposals for improving the operating environment for IT companies focused on NCIT projects in Russia have also been prepared and submitted to the Russian Ministry of Digital Development, Communications, and Mass Media.

¹ Minutes No. 25 dated 23 July 2021.

² Content delivery network – a large online network of servers geographically distributed across several data centres to serve content to end users with high availability and high performance.



4.1.4. DIGITAL EQUALITY INTEGRATED SOCIAL PROGRAMME



The Digital Equality programme is geared to address the needs of vulnerable social groups: retirees, people with disabilities, children in orphanages, and children in large and low-income families.

Under the programme, Rostelecom:

- provides people with access to the telecommunications technology
- provides a toll-free federal phone number (8 800)
- improves telecommunications literacy
- develops remote learning
- establishes educational portals and supports their activities
- promotes socialisation and practical application of acquired skills
- ensures internet safety for children, the elderly, and other at-risk groups.

In 2022, projects under the programme were aimed at improving computer literacy of senior citizens, bridging the digital divide in society and encouraging interest in IT among young users as their potential future career, providing remote learning and socialisation for children deprived of parental care, supporting social entrepreneurship, and building a safe internet environment.

ABC of the Internet



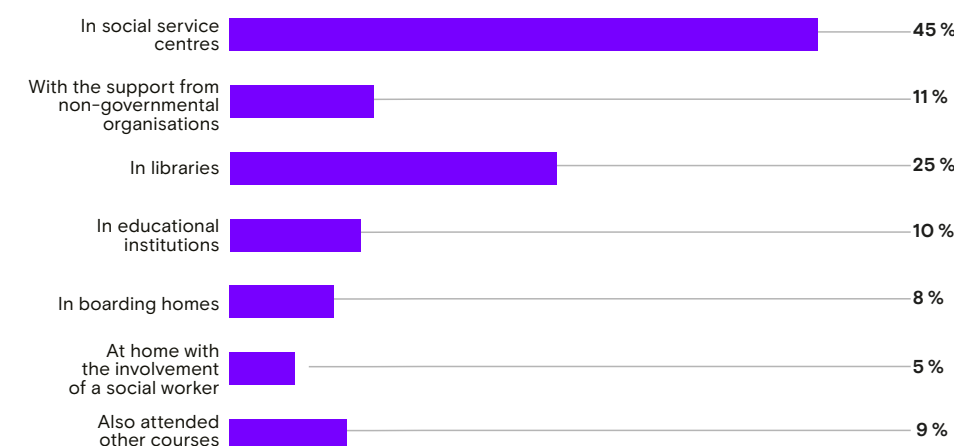
Project results

Indicator	2020	2021	2022
Number of senior participants	38,345	43,106	48,872
Funds allocated to the programme, RUB thousand	2,250	2,250	2,250
Number of training modules	9	10	12

450

thousand retirees have participated in the programme since 2014

Training taken by contest participants (participants could attend several sites), %



In 2014, Rostelecom and the Social Fund of Russia (until 1 January 2023: the Pension Fund of Russia) launched the ABC of the Internet charitable project. The project offers senior citizens and people with disabilities materials and equipment to train in computer, smartphone, and internet skills as well as the basics of cybersecurity. After taking this training, retirees will be able to make appointments with doctors, pay their bills, make arrangements for trips to relatives, and communicate with their families and friends without leaving their home.

All training materials are available on the project website. Computer classes have been organised in libraries, branches of the Social Fund of Russia, and other public venues. Training is also available online.

For more details on the project, see azbukainterneta.ru

The content of the ABC of the Internet educational portal is supplemented and updated on an annual basis. In 2022, the Company released two modules on online government services and smartphone basics.

The internet portal is visited by more than 20 thousand users every month, with about 9,000 people registered in the For Teachers section.

Webinars for ABC of the Internet teachers and course organisers contributed significantly to the project's development in 2022. The first webinar, held in May, was attended by about 1,500 students from 55 regions, with 1,200 applications from 65 regions submitted for the September webinar.

In 2022, a group for teachers was set up in the VKontakte social network to post project updates, links to teachers' developments related to retirees' training, and descriptions of best practices from different regions. The group also serves as a platform for teachers to socialise and share experience and materials.

The ABC of the Internet project includes an annual contest, Thank You, Internet!, where users share their training experience. In 2022, 4,559 entries from 78 Russian regions were submitted to the contest. Residents of small and medium towns and rural areas accounted for 80% of the participants.

86.3% of entrants are users of the Public Services Portal. Many working retirees who took part in the contest (32.9%) noted that computer studies allowed them to learn a new profession or retain their job when their employers were rightsizing their workforce.

In December 2022, the Company launched the Thank You, Internet! channel on the Zen platform, featuring the best entries submitted to the contest.

The ABC of the Internet plans for 2023:

- Expand continuing education opportunities by developing new modules and putting together new training courses
- Engage with non-profit organisations developing offline and online courses under the ABC of the Internet programme

Learn the Internet – Manage It! digital literacy project



Key project initiatives

2020

- Nationwide online championship (21.5 thousand participants)
- Family IT marathon (70 teams from 24 Russian regions)
- School of Real Deeds
- An exhibition web tournament held in Stockholm, Sweden, as part of the 31st marketing workshop of the Council of European National Top-Level Domain Registries (CENTR)
- 11 online and offline educational events
- Russian financial IT literacy cyber dictation (jointly with the Russian State Children's Library, the Bank of Russia, and the Russian Ministry of Culture)
- Open online internet-proficiency tournament for Moscow cadets co-organised with the Moscow centre Patriot.Sport

2021

- Nationwide online championship (16 thousand participants)
- Family IT marathon (120 teams from 40 Russian regions)
- 100LETCRYPTO quiz tournament for school students
- World of Crypto open quiz tournament for school students
- Open online internet-proficiency tournament for Moscow cadets co-organised with the Moscow centre Patriot.Sport

2022

- Nationwide online championship (10 thousand participants)
- Family IT marathon (over 100 teams from 40 Russian regions)
- Competition among teachers for developing an educational resource to promote digital literacy
- School of Real Deeds
- Closed online tournament within the Cadet Sports Competition (399 teams, over 2,000 participants)
- 21 online and offline educational events

Project results

Indicator	2020	2021	2022
Registered portal users	150,000	>200,000	>286,000
Learn the Internet – Manage It! nationwide online championship participants	21,500	16,000	10,000
Funds allocated to the project by PJSC Rostelecom, RUB	998,000	998,000	499,000

In 2012, Rostelecom launched the Learn the Internet – Manage It! project jointly with the Coordination Centre for TLD .RU/.PФ.

Its main purpose is bridging the digital divide in Russian society by improving digital literacy among young users and encouraging their interest in IT professions. School and university students can become advanced internet users and develop safe internet surfing skills. The project is organised as a gaming portal: training is delivered through arcade games, situation puzzles, crosswords, jigsaw puzzles, and quizzes.

For more details on the project, see [игра-интернет.рф](#)

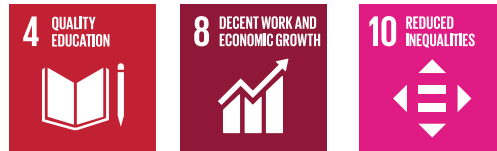
Since its inception, Learn the Internet – Manage It! has grown from a digital literacy project to a multi-project geared to the needs of school and university students, teachers, and parents. The project features local online tournaments, a family IT marathon, and the Nationwide Online Championship on Cyber Literacy. The tournament participants can win awards and champion titles by competing against IT experts.

In 2022, 107 family teams from 40 Russian regions competed in the 6th family IT marathon. The 11th Nationwide Championship for School and University Students attracted 10 thousand people.

As at 2022-end, over 286 thousand people from all federal districts of Russia participated in the project.

In 2023, the project will once again feature a nationwide online championship, a family IT marathon, cyber literacy quizzes, and online tournaments within the Cadet Sports Competition. Future plans include updating the main project sections: new learning modules will be added to the gaming portal, new terms will be added to the internet dictionary, and the quiz content will be audited and updated. The number of project users is expected to reach 300 thousand.

GROWTH project



Rostelecom has been running the unique social project GROWTH in collaboration with the autonomous non-profit organisation of the same name since 2014. The project aims to implement remote learning and socialisation initiatives for children in orphanages and foster homes as well as children deprived of parental care.

1,500

children from 65 childcare institutions in 39 Russian regions provided with access to high-quality remote learning since the project launch

Some GROWTH graduates are now students at Lomonosov Moscow State University and National Research University Higher School of Economics

Project results

Indicator	2020	2021	2022
Number of participants	312	312	375
Number of institutions covered	35	35	40
Number of GROWTH project participants who passed the state exams	15 ¹	157	178

The Company identifies four features that make the project stand out:

- The target audience of the project is children in orphanages and foster homes. The project aims to develop, educate, and facilitate the employment of children deprived of parental care
- Remote learning uses electronic textbooks and multimedia materials (video lessons, teachers' audio and video comments)
- The project is run by professional teachers who have been preparing graduates for taking the Unified State Examinations and enrolling at higher education institutions for several years
- The project attracted volunteers and teachers from other countries. The GROWTH remote learning team includes German, Dutch, French, and US citizens

In 2021, Rostelecom helped merge two projects, GROWTH and Polden (Midday), into one educational programme, enabling the expansion of the project's geographical footprint. Ten new institutions joined the programme. In 2022, the project was supported by the Murmansk, Vologda, and Omsk Regions.

Demand for the project also increased dramatically in 2022, with the number of classes in the first half of the year up 47% year-on-year. The children's attitude to education is changing: they are more enthusiastic about their studies and ask for more classes.

In the future, the Company intends to expand the project to more regions.

¹ Only 11th grade and college graduates who wanted to enrol at a higher education institution took the state exams in 2020. All those who had taken the exams were enrolled.

Social Impact Award



Together with Impact Hub Moscow, Rostelecom selects the winners of the Russian stage of the Social Impact Award (SIA) competition, an international programme supporting young social entrepreneurs. In 2020, the Russian stage of SIA was renamed to 90 Days Challenge.

Project results

2020

249 **21** **44** **12**
entries cities and towns finalists winners

2021

189 **41** **46** **7**
entries cities and towns finalists winners

2022

191 **44** **20** **3**
entries cities and towns finalists winners

4,000

people from 109 Russian cities have taken part in the 90 Days Challenge programme over the eight years of its existence. 222 projects were launched, and 70% of them were scaled up

SIA is a programme to support social entrepreneurs at early stages of their projects. The University of Vienna developed the programme in 2010. The competition is held in 20 European countries. Programme participants from across Russia propose business ideas to address social and economic issues.

Rostelecom announces a special category, Internet for a Better World, acknowledging people behind projects driven by internet technology. It can be an internet product or the use of the internet as a key enabler.

In 2022, 20 projects from 16 Russian cities and towns made it to the finals. The finalists represented diverse geographies – from Vladivostok in the Far East to Petrozavodsk in the northwest of Russia.

In addition, project initiators joined a 3-month business incubation programme, learning subjects from consumer research to business plan development.

4.1.5. PROMOTING CYBERSECURITY



Alliance for the Protection of Children in the Digital Environment

In 2021, Rostelecom co-founded the Alliance for the Protection of Children in the Digital Environment. Its mission is to promote a safe online environment for children, where they can communicate, learn, and discover new opportunities and entertainment.

Key commitments of alliance members include:

- solutions for enhanced protection against unwanted information
- identifying and deleting illegal materials
- a dialogue with the government and international organisations
- content promoting positive values
- favourable environment for safe development and communication
- improved digital literacy of children and parents.

The founding companies work together to develop projects to promote and ensure cybersecurity for teachers, children, and their parents.

Digital Ethics of Childhood Charter

As a co-founder of the Alliance for the Protection of Children in the Digital Environment, Rostelecom believes it is important to prepare children for living in the modern world.

To develop self-regulation mechanisms and promote social responsibility principles, the Alliance for the Protection of Children in the Digital Environment published the Digital Ethics of Childhood Charter. The document contains values and rules of conduct to bring together the public, government, and professional community and coordinate their efforts to ensure a beneficial and safe digital environment for children.

The Charter's core principles:

- Respect for the child as a personality
- Joint responsibility of all those involved in children's upbringing for their safety in the digital environment
- Maintaining the confidentiality of children's personal data
- An inclusive approach to children with different needs and characteristics
- Maintaining core values in the online space

The Charter participants are state-owned, commercial, and non-profit organisations, educational institutions, non-governmental and professional associations, institutions, and specialists that voluntarily joined the Charter. Hundreds of organisations have already joined the Charter.

Child protection

In 2022, Rostelecom and its partners conducted a study of technologies to protect children on the internet.

The study identified the main risks for children on the internet, highlighted the main technological solutions that can minimize these risks, and offered recommendations to key stakeholders: the government, educational institutions, commercial enterprises, parents, non-profit organisations, and IT developers.

In 2022, Rostelecom also released a book, *A Beautiful, Dangerous, Cybersecure World*, containing practical tips for children and parents: how to avoid trouble in the digital world, recognise a scam, and decide on the right course of action. The book is distributed through the Company's branches, while an electronic version is available at https://www.company.rt.ru/social/book_cybersecurity/.

In addition, Rostelecom has developed a free online cybersecurity training course for parents, How to Protect Your Child against Risks on the Internet? The course will teach them how algorithms, influencers, and big companies affect a child's choices and beliefs, why cyberbullying is dangerous, and how to resist online bullying as well as how to protect a child's personal data online. Video lessons are available at <https://www.company.rt.ru/social/cyber-lessons/>.

Rostelecom units hold dedicated events to promote cybersecurity across their regions of operation, including launches for the new book, *A Beautiful, Dangerous, Cybersecure World*, with copies of the book donated to schools and libraries, dedicated lessons hosted by Company employees in schools and universities, and events for teachers and parents.

1,500

SCHOOL STUDENTS FROM BURYATIA TOOK PART IN THE TIPS FROM CYBER TRAFFIC LIGHTS EDUCATIONAL PROJECT DURING THE 2022 SUMMER VACATIONS

From 1 June, specialists with the youth centre of the Ministry of Sports and Youth Policy of the Republic of Buryatia and the DobroDom volunteer resource centre, supported by Rostelecom, gave lessons in summer camps and on outdoor school grounds. The most active participants in the lessons received a certificate with a code giving access to free training on the Lyceum educational portal.

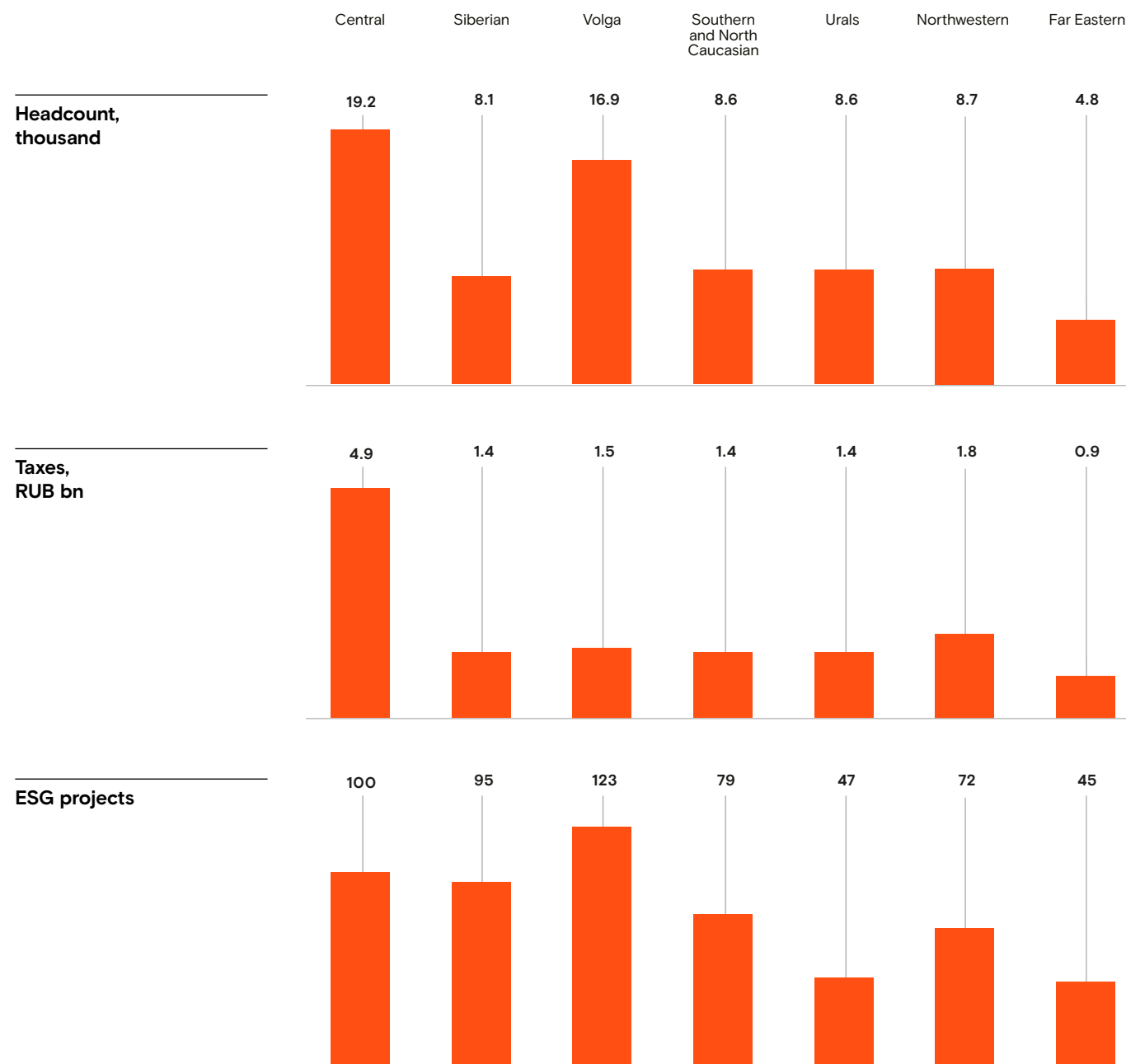
4.1.6. SUPPORTING OUR REGIONS OF OPERATION



For more details on federal-level charitable and volunteer programmes, see the Philanthropy and Volunteering section.

Rostelecom units actively participate in public life in their regions of operation. Below are the key highlights and outcomes of the activities across Rostelecom branches in 2022, consolidated by Russia’s federal district.

Key highlights



CFD

Central Federal District

4.9

RUB bn —
Tax payments
to the regional budget

19,236

Employees

>100

Environmental, social,
and charitable initiatives

Key social and environmental programmes run by Rostelecom in the region

- IT Family project
- Safe Internet and the ABC of the Internet
- Internet access for social infrastructure facilities
- Bridging the Digital Divide 2.0
- Support for educational institutions and social centres

Key partners

- SO-Deystvie, an autonomous non-profit organisation
- Quantorium children's technology park
- Immortal Regiment of Russia, a national public civil-patriotic movement
- Regional schools and universities
- STEP IT Academy

Impact in action

As part of environmental initiatives, more than 100 kg of plastic bottle caps, waste paper, and batteries were collected and sent for recycling.

Nearly 300 family teams participated in the IT Family project, aimed at teaching internet literacy to older people and their grandchildren.

Assistance was provided to forced migrants from Ukraine, the Lugansk People's Republic, and the Donetsk People's Republic. Branches support refugees by organising recreational and educational activities. The site of Rostelecom's Voronezh branch was granted the status of a temporary accommodation centre for refugees.

The Company has built more than 150 base stations in small communities with less than 500 inhabitants.

Siberian Federal District



1.44

RUB bn —
Tax payments
to the regional budget

8,140

Employees

SFD

95

Environmental, social,
and charitable initiatives

Key social and environmental programmes run by Rostelecom in the region

- Cybersecurity activities to support the Digital Ethics of Childhood Charter
- ABC of the Internet
- Become a Santa charitable campaign
- Polden (Midday) educational volunteer project
- Tips from Cyber Traffic Lights educational project
- Box of Courage

Key partners

- Retired-online, a Novosibirsk-based regional NGO
- Little Ray of Light, a Novosibirsk-based municipal children's public organisation of families with disabled children
- NOSE Hospital Clowns, an autonomous non-profit organisation supporting children's social and cultural rehabilitation
- Altai territorial branch of the Russian Children's Fund
- Navigator Esports Club
- Ministry of Tourism and Youth Policy of the Kemerovo Region – Kuzbass
- The Club of Kind Persons federal charitable foundation
- Ministry of Sport and Youth Policy of the Republic of Buryatia and DobroDom volunteer resource centre
- Irkutsk branch of the Russian Children's Fund
- Road of Kindness, an autonomous non-profit organisation
- Omsk IT community
- Omsk foundation for the support of mass and children's sports
- Krasnoyarsk Region without Orphans, a regional foundation
- Dobro24.ru, a charitable foundation

Impact in action

More than 150 cybersecurity classes were organised in Siberia, attended by over 4,000 school and university students.

Novosibirsk hosted the Cyber Ethics Month, an event comprising lectures and master classes. The project was recognized as the Company's best social project of the year.

A total of 663 retirees attended the ABC of the Internet computer literacy classes held at more than 10 offline venues throughout the year.

New Year gifts were collected for 200 children.

200

children received
New Year gifts

Volga Federal District



1.5

RUB bn —
Tax payments
to the regional budget

16,869

Employees

VFD

123

Environmental, social,
and charitable initiatives

Key social and environmental programmes run by Rostelecom in the region

- Cybersecurity for children and adults
- ABC of the Internet
- Polden (Midday) volunteer project
- Light Up – a road accident prevention campaign
- Kindness on the Line – internet for children's hospital patients
- The Kind Christmas Tree and Become a Santa volunteer campaigns

Key partners

- Quantorium
- Regional branches of the Russian Union of Pensioners
- Nizhny Novgorod regional branch of the Russian Children's Fund, Nizhny Novgorod Cancer Research Centre, and AIF. Kind Heart and Evita charitable foundations
- Media Literacy Centre, an autonomous non-profit organisation
- The Pet centre for stray animals
- Centre for Social Innovation, an autonomous non-profit organisation

Impact in action

Over 2,500 people are covered by the Cybersecurity project. A total of 31 events were held.

New Year gifts were collected for 250 children left without parental care and adults in need.

Over 2,500 retirees took the ABC of the Internet computer literacy course.

As part of the Telecom: How It Works project, Rostelecom prepared a series of video lessons for students of Quantorium children's technology parks, devoted to the operation of telecommunications services. The series was followed by a quiz involving almost 200 school students from across Russia. The winners received a subscription to Rostelecom Lyceum and useful prizes.

A voluntary cleanup in the Orenburg branch, involving Rostelecom employees, collected almost 8 tonnes of litter.

>1.5

tonnes of humanitarian aid were collected by branch employees and handed over to forced migrants from the Donetsk People's Republic and Lugansk People's Republic (food, clothes, household chemicals, and medicines)

Southern and North Caucasian Federal Districts



1.39

RUB bn —
Tax payments
to the regional budget

8,622

Employees

SFD/
NCFD

79

Environmental, social,
and charitable initiatives

Key social and
environmental
programmes run
by Rostelecom
in the region

- Collaboration with Quantorium children’s technology parks
- Telecom support and expert assistance to youth forums in southern Russia: Selias (Astrakhan), Young Wave and Rostov (Rostov Region), and Mashuk (Pyatigorsk)
- Online safety lessons for school students
- Youth Days in regions and sporting events

Key partners

- Quantorium
- Krasnodar regional branch of the Russian Children’s Fund, Bluebird, AIF. Kind Heart, Rusfond, and Geography of Good
- Dobry-Yug, a Krasnodar-based regional charitable organisation
- 19 higher education institutions of the Southern and North Caucasus Federal Districts
- PchelinHouse Art Residence (Krasnodar Territory)
- Warm Artists (Volgograd), an autonomous non-profit organisation, and One Theatre (Krasnodar)
- KAVKAZ RUN, an autonomous non-profit organisation

Impact in action

Rostelecom and Quantorium children’s technology parks held about 20 educational events attended by thousands of children, in addition to online visitors.

Telecom support and expert assistance were provided to youth forums in southern Russia: Selias (Astrakhan), Young Wave and Rostov (Rostov Region), and Mashuk (Pyatigorsk). The events attracted a total of over 5,000 participants, in addition to online visitors.

The Company donated RUB 3.6 million for medical treatment of children in the Southern and North Caucasus Federal Districts.

Over 6.5 tonnes of humanitarian aid worth more than RUB 1.4 million in total were collected by employees and handed over to forced migrants from the Donetsk People’s Republic and Lugansk People’s Republic. In addition, Rostelecom donated RUB 1.3 million to help charitable foundations buy food and medicines.

Urals Federal District



1.38

RUB bn —
Tax payments
to the regional budget

8,636

Employees

UFD

47

Environmental, social,
and charitable initiatives

Key social and
environmental
programmes run
by Rostelecom
in the region

- Outdoor summer movie theatre in Mayakovsky Park in Yekaterinburg
- The Education and Modern Technologies digital chum in Yamal
- Parizh Half Marathon – fibre infrastructure rollout in the village of Parizh, Chelyabinsk Region, to provide connectivity to the organizers of the sporting event
- Rostelecom’s smart street lamps save millions of kilowatts of electricity in the Southern Urals
- Cybersecurity for children

Key partners

- Regional government authorities
- Regional schools offering additional education
- Regional branches of the Social Fund of Russia
- Regional youth centre
- Khanty-Mansiysk Philharmonic Society
- Chelyabinsk Airport
- Ural-Siberian Heat and Power Company
- Esports Federation of the Yamal-Nenets Autonomous Area
- National Library of the Yamal-Nenets Autonomous Area
- Multifunctional Public Service Centre of the Yamal-Nenets Autonomous Area
- Sovremennik youth centre, Noyabrsk

Impact in action

The Company provided charitable aid to buy New Year gifts for children from orphanages in the Sverdlovsk, Kurgan, and Chelyabinsk Regions and the Perm Territory. Gifts were presented to more than 200 children.

Over 1,700 kg of food and essential items were collected for refugees from the Donetsk People’s Republic and Lugansk People’s Republic.

The Company organised the screening of six films on cybersecurity at the Infotech Junior children’s IT conference and the Quantorium technology parks in Tyumen and Kurgan. More than 500 school and university students took part in Infotech Junior.

As a career guidance event for college students of Khanty-Mansiysk, Rostelecom held a guided tour of the Company’s divisions to give them a glimpse of telecom expert routines.

Northwestern Federal District



NWFD

1.75

RUB bn —
Tax payments
to the regional budget

8,737

Employees

72

Environmental, social,
and charitable initiatives

Key social and
environmental
programmes run
by Rostelecom
in the region

- Advisory, mentoring, and methodological support for Quantorium children’s technology parks
- Advisory, mentoring, and methodological support for IT-Cube additional education centres for children
- ABC of the Internet
- Become a Santa charitable campaign for child care institutions
- Online safety lessons for school students

Key partners

- Kidsberg, children’s city of professions
- IT-Cube, digital education centre for children
- Quantorium, technology parks for children
- Arkhangelsk Region Esports Federation
- Veles, animal protection association
- Yantarny, sports centre
- Petrozavodsk and Pskov State Universities, Yaroslav-the-Wise Novgorod State University
- Karelian Volunteer Development Centre
- LizaAlert and North Star search and rescue teams in the Komi Republic
- The National Library and the National Gallery of the Komi Republic
- Gymnasium No. 24, City of Arkhangelsk
- United Volunteer Centre, Murmansk Region
- Angel Kids of Murman, Murmansk regional NGO for children with disabilities and their parents
- Laplandiya, Murmansk regional centre of additional education
- Master OK, Saint Petersburg centre for social and labour market adaptation of people with disabilities

Impact in action

In 2022, Rostelecom was named the brand of the year in Saint Petersburg by readers of the Delovoy Peterburg newspaper.

Rostelecom received an award for its contribution to the social development of the Novgorod Region from the Novgorod Region Chamber of Commerce and Industry.

Far Eastern Federal District



FEFD

0.93

RUB bn —
Tax payments
to the regional budget

4,831

Employees

45

Environmental, social,
and charitable initiatives

Key social and
environmental
programmes run
by Rostelecom
in the region

- The Concerned Citizen project
- Environmental cleanup campaigns
- Help to people in difficult life situations
- Support and development of talented children and young people, with a focus on modern technology
- ABC of the Internet

Key partners

- Union In the Name of Kindness
- National Council on Corporate Volunteering of the Primorye Territory
- Dobrota Blagoveshchensk Comprehensive Social Service Centre, state autonomous institution of the Amur Region
- Robotics Development Centre
- IT-Cube, digital education centre for children
- Sakhalin Regional Universal Scientific Library

Impact in action

542 kg of humanitarian aid were collected for refugees from the Lugansk and Donetsk People’s Republics.

545 retirees took the ABC of the Internet computer literacy classes.

135 children received New Year gifts as part of the Become a Santa campaign.

Rostelecom provided telecommunications services at the 7th Children of Asia International Sports Games in Vladivostok.

Under the Bridging the Digital Divide project, in 2022, the Company provided four small communities in the Primorye Territory with 4G mobile communications and high-speed mobile internet.

4.1.7. PHILANTHROPY AND VOLUNTEERING



Rostelecom launches and supports environmental, educational, sports, and cultural initiatives that aim to benefit the residents of our regions of operation.

244

significant social projects delivered by Rostelecom in 2022

275.4

RUB m of charitable investments

Rostelecom's sustainability strategy embraces philanthropy and volunteering. Its core pillars are founded in the Company's external social policy.

Rostelecom Group's key philanthropy priorities:

- Building up an ecosystem around sustainable development
- Partnering with government authorities to develop the telecom industry and ensure information security
- Working with regional administrations on national information development projects and programmes to bridge the digital divide out in the Russian regions
- Ensuring a stable social environment and improving the quality of life for Russian citizens

Rostelecom has approved its performance evaluation procedure and built an organisational structure and a management team responsible for philanthropy:

- The Charity Committee is an authorised body under the Management Board and is responsible for efficiently allocating budgeted funds
- Rostelecom's External Communications and Corporate Social Responsibility Department (ECD) and similar departments at its branches coordinate our philanthropic and charitable activities
- ECD specialists in regional units and the Headquarters gather and compile data using a model assessment system
- The Management Board evaluates philanthropic and charitable activities and the results of our social investments

The consistent development of existing projects coupled with the launch of new initiatives evidences the systematic nature of our philanthropy. Company employees are becoming increasingly engaged with volunteer and environmental projects.

The key areas of focus in 2022 were promotion of sports, fundraising to treat children with rare diseases, social adaptation of children from orphanages, and support for corporate volunteer projects.

11

RUB m raised for children's endoprosthesis operations through the I Run and Help project since its launch

I Run and Help charity sports project

In 2018, Rostelecom joined efforts with the Life Line Charity Foundation to launch the all-Russian sports project I Run and Help. The project is supported by Stayfitt.



Purpose: jointly accumulating points for running, which Rostelecom "converts" into RUB 1 million and donates to the Life Line Charity Foundation to treat children with rare diseases

Participants: about 5,000 employees and volunteers

Reach: all the Company's regions of operation

Synergy: providing assistance to sick children, team building, and promoting an active lifestyle among employees

In the Stayfitt mobile app, employees can read useful materials on sports and healthy lifestyle as well as view chats, challenges, and participants' activity feeds by sport.

In 2022, Company employees took part in a number of runs, including the major ones – the Moscow Marathon and the Zabeg.RF national half marathon. Rostelecom employee volunteers set up staging areas and helped to ensure comfortable conditions for sports event participants.

In 2023, the Company plans to further expand the project, involving more employees both as runners and as volunteers, including those from subsidiaries and affiliates that did not participate in the project before, and also engaging top managers in sporting events.

Polden (Midday) volunteer project

Since 2013, Rostelecom and the Social Development Foundation Polden (Midday) have been running an interactive educational programme for children in orphanages and foster homes, providing early career guidance and social adaption. Other play-based learning programmes in place are Golden Age, Digital Equality, and Life Trajectory.

706

educational activities involved more than 410 children from 12 orphanages during 2013–2022

15

gaming modules were developed



Purpose: motivating children to build their career and academic pathways, familiarising them with telecom jobs, broadening their horizons, and helping them understand the employment mechanism

Participants: Company volunteers

Reach: five regions (Moscow, Saint Petersburg, Nizhny Novgorod, Irkutsk, and Vladivostok)

Synergy: helping children in need and building the Company's talent pool

Project website: thenoon.ru

The project has won several grant competitions, including the one held by the Presidential Grants Foundation with the Bound Up: New Chapter interactive course on value choices based on fiction plots, implemented with PJSC Rostelecom's support in 2021–2022.

In 2022, to familiarise future volunteers with the foundation and its work principles, Polden prepared a training course: <https://stepik.org/121851>.

In 2023, PJSC Rostelecom volunteers continued the Russia Starts Here course, holding gaming sessions in 11 orphanages.

Russia Starts Here is launching an interdisciplinary programme to improve knowledge of regional specifics across the country by establishing links between disciplines and motivating adolescents in difficult life situations to learn. PJSC Rostelecom volunteers receive relevant training and participate in special games (to prevent burnout), both offline and online.

The employee volunteer project competition

Rostelecom encourages volunteer initiatives of its employees and holds a volunteer project competition to promote the best of them. The competition methodology allows the expert panel to select priority projects focused on education, health, sports, care, the environment, or spiritual heritage, while a systematic approach enables tracking each project's performance and adjusting their dynamics accordingly.

540

employees submitted more than 175 applications to enter the competition between 2018 and 2022

48

volunteer projects announced winners

Purpose: motivating employees to get involved in corporate volunteering

Participants: Rostelecom employees

Reach: all the Company's regions of operation

Synergy: encouraging employee initiative, expanding volunteer activities, and rolling out best practices in the Company's operating regions

The competition's expert panel comprises Company employees and representatives of non-profit organisations and charities. The panel judges projects on the relevance of the issue addressed, how well the project has been planned out, social impact, creativity and novelty, and synergies with other social projects. The winners are awarded project grants.

In 2022, 10 volunteer initiatives won the competition: career guidance for children with disabilities, computer literacy courses for the elderly, sporting events for Company employees and their families, living history lessons dedicated to the Great Patriotic War, and environmental projects.

Downside Up and Love Syndrome charities

Rostelecom has been providing support to the Downside Up and Love Syndrome charitable foundations since 2017. The charities help people with Down syndrome and also work to raise public awareness of people with an extra chromosome. Love Syndrome is a fundraising partner of the Downside Up foundation. It also develops the Sports for Good and Athlete for Good projects, where everyone can combine their love of sport with charity.



1.2

RUB m raised by Rostelecom employees through online charity campaigns of the Love Syndrome foundation

Purpose: supporting people with Down syndrome

Reach: nationwide

Synergy: providing psychological, paedagogical, and social assistance for physical and personal development, unlocking potential, promoting acceptance and inclusion of people with Down syndrome in society. Developing volunteer activities at the Company

Project websites: downsideup.org and sindromlubvi.ru

Rostelecom helps the Downside Up foundation to conduct online training for psychology and paedagogics specialists and parents of children with Down syndrome. Recordings of the training sessions as well as digitised materials adapted for self-study are stored in the foundation's database and are available to everyone. With Rostelecom's support, specialised methodological literature has been published for 2,000 families raising children with Down syndrome.

Since 2020, Rostelecom has been participating in online charity campaigns of the Love Syndrome foundation. Their goal is to raise awareness about the needs of special people and raise funds to provide advice and classes for children with Down syndrome. All in all, Rostelecom employees have collected more than RUB 1.2 million.

In 2022, with Rostelecom's support, the Downside Up foundation grew its website traffic and attracted more families to participate in the foundation's programmes. The additional funds raised were used to increase the number of educational videos prepared by the foundation specialists for parents.

In 2023, Rostelecom and Downside Up plan to jointly provide information and methodological support to parents who raise children with Down syndrome as well as to specialists who provide professional assistance to people with an extra chromosome, their relatives, and friends. To this end, new themed content modules on developing and educating children with Down syndrome will be prepared and published in the digital library of the Downside Up foundation at <https://downsideup.org/elektronnaya-biblioteka/>.

Another ongoing project is the development of an advanced digital environment to build speech and communication skills in preschool children with Down syndrome with the help of the Logobank digital speech trainer. Plans include designing the layouts of new exercises, which aim to build and develop phonetic and phonemic awareness as well as encourage speech development in children with Down syndrome, for the Logobank speech trainer platform <https://logobank.downsideup.org/>.

Class Magazine

Since 2015, Rostelecom has been collaborating with the Class Magazine interactive project. This popular modern magazine for children aged 7–13 covers three main topics: education, information, and culture/entertainment.

Purpose: contributing to delivering a safer internet for children and adolescents

Participants: Company experts

Reach: nationwide

Synergy: promoting educational initiatives, including in computer literacy, engaging children and adolescents in social activities, and stimulating school students' interest in reading

Project website: www.classmag.ru

Since 2014, Rostelecom has been supporting the Being Kind Is Class! contest, for which children up to 14 submit their stories, photos, or drawings about their good deeds.

In 2021, Rostelecom and Class Magazine held a nationwide video competition Cool Dad with the main objective to promote successful fatherhood. In 2022, the competition ranked third in the Social Projects of Federal and Regional Media category of the Family and Future of Russia national journalist competition.

In 2022, 289 video presentations were posted.

Rostelecom and Class Magazine have the following plans for 2023:

- Publish more online materials for teachers and mentors, including expanding the website's Literary Odyssey section, which introduces school students to Russian classics
- Further fill the website with positive content and materials that promote reading
- Publish more materials promoting science
- Create a mobile version of the Class Magazine portal

« Since our active partnership began in 2015, Rostelecom has been demonstrating responsiveness, a caring commitment towards our initiatives, and attention to our engagements. I am confident that with Rostelecom's support, we will achieve even greater success in introducing children to reading and properly using the internet. Children should not be left to themselves with this. Children's internet has its limitations, children tend not to read texts on the internet. However, their parents can do it, drawing the children's attention to a particular text. Our goal for 2023 is the synergistic development of the print publication, the portal, and various online and offline campaigns, so that one supports the other and all three areas are interconnected and mutually reinforcing.»

Alexey Khodorych,
Chief Editor of Class Magazine
and Director for Children's
Projects at Open Systems
Publishing

289

video presentations posted
as part of the Cool Dad
contest in 2022

UchimZnaem/WeTeachTheyLearn socio-educational project

Rostelecom has been supporting the social and educational project UchimZnaem/WeTeachTheyLearn since 2017. The project aims to support children undergoing long-term inpatient treatment by providing lessons that follow the Russian school curriculum and by offering further education programmes.

Purpose: providing children undergoing long-term inpatient treatment in oncological, haematological, and other departments in children's hospitals with a full education in line with the Russian school curriculum as well as opportunities to participate in art workshops, learn new professions, and acquire knowledge in IT and design, developing remote learning and education technologies, and promoting volunteering in the Company

Reach: nationwide

Synergy: supporting families with children undergoing long-term inpatient cancer treatment. Creating conditions for the young patients to recover and return to normal life

Project website: uchimznaem.ru

One of the UchimZnaem/WeTeachTheyLearn initiatives is Steps to Success, a social and educational project for children undergoing long-term treatment. Under the project, children and their parents learn the basics of media technologies, study the nature of Russia, and meet famous TV presenters and actors.

In 2022, the UchimZnaem/WeTeachTheyLearn project covered 23 thousand preschool and school children in Moscow and about 45 thousand children across 50 regional sites.

In June 2022, Rostelecom and Mosvolonter volunteers held their inaugural festival at the Good House social hotel for children with cancer, their parents, and teachers.

Part of Steps to Success, the Kind Knowledge special online project has continued to accept applications for the competition of initiatives for the UchimZnaem/WeTeachTheyLearn project sites, with funding for winning initiatives.

A research laboratory for interdisciplinary research on hospital paedagogy was set up.

Rostelecom and the UchimZnaem/WeTeachTheyLearn project have the following plans for 2023:

- Retraining programmes for teachers working in children's hospitals
- Training programmes for parents
- Volunteering and volunteerism programmes to support social and educational initiatives for children in children's hospitals and their families

45

thousand children
in the Russian regions
covered by the project

Support for the Navstrechu Peremenam (Towards Change) foundation

Rostelecom supports social entrepreneurship in Russia and is the strategic sponsor of the Navstrechu Peremenam foundation supporting social initiatives for children. The Company provides financial, organisational, and advisory support.



Purpose: creating a better world for children and young people by unlocking the potential for innovation and impact entrepreneurship

Participants: Company experts

Reach: nationwide

Synergy: promoting social projects and building a positive image of the Company

Project website: fond-navstrechu.ru

Every year, Navstrechu Peremenam holds an all-Russian social project competition, whose winners receive support for three years in the Towards Impact Start-Ups social start-up incubator – its flagship programme. Over the 10 years of its operation, the foundation has supported more than 400 projects, including 86 under the incubator programme. The projects have changed the lives of more than 430 thousand children and adolescents for the better. At the same time, the number of beneficiaries is growing: by supporting a project across its development stages, the foundation helps social start-up leaders to double the number of beneficiaries as early as after the first year of participation in the incubator.

Rostelecom employee volunteers are also involved in the programme. In 2022, 76 employees from 29 regions processed the entries in the competition, and 10 heads of business units assisted social project leaders as mentors or advisors.

In 2023, Rostelecom's mobile operator will continue to support the foundation's programmes. The social project competition will include a special category, Best Digital Project for Children, first established in 2022.

430

thousand children benefited from social projects over 10 years

Pereplavka (Melting) project

In 2019, Rostelecom launched the Pereplavka environmental project.



Purpose: explaining the importance of recycling mobile phones, encouraging users to dispose of them properly, and creating a convenient and reliable infrastructure to address this issue

Participants: the Company's retail stores

Reach: operating regions of the Company's mobile operator

Synergy: recycling hazardous waste and driving additional traffic to stores

Since its launch, the project has accepted a total of about 22 thousand devices for recycling in 64 regions of Russia. Residents of Moscow, the Urals, and the Volga region were the most active participants in the initiative.

The environmental project also has an educational dimension: 19% of the project participants surveyed said they had not been aware of the need to dispose of phones properly before.

22

thousand devices sent for recycling since the project launch

4.2. Employees

4.2.1. OUR APPROACH



Rostelecom is one of the country’s largest employers, with the Group’s headcount over 122 thousand as at 2022-end. Rostelecom’s human capital management strategy is aligned with SDGs 4, 8, 9, 10, and 11.

The Company offers its employees ample opportunities for professional and personal development. To this end, Rostelecom provides training and social support programmes while striving to improve working conditions and introducing more technologically advanced workflows.

The Company has built a training system that equips employees of different ages with sought-after skills. The average training time per Group employee was 32.2 hours in 2022 (SDG 4.4). Rostelecom provides equal opportunities for all employees and has a zero-tolerance policy for discrimination in the workplace, with our ways of working built on mutual trust, respect, and accountability (SDGs 5, 10).

Rostelecom’s gender equality efforts have earned global recognition. For the third year in a row, the Company was included in Bloomberg’s Gender-Equality Index, listing 418 companies from 54 countries in 2022.

To achieve SDG 8, the Group provides its employees with a safe, healthy, and comfortable working environment where they can create high-quality and convenient digital services. Loyalty programmes, additional health insurance, retirement plans, and housing programmes for employees are aimed at supporting hundreds of thousands of people across Russia.

To achieve SDG 9, Rostelecom engages with school and university students to help them build digital literacy and fosters partnerships with higher education institutions (SDG 17) to develop new digital products and pass expert knowledge on to students.



4.2.2. HR MANAGEMENT SYSTEM

HR management at Rostelecom is aligned with international and national regulatory standards as well as corporate regulations and codes.

Organisational structure for HR management

Body	Responsibilities
Nomination and Remuneration Committee of the Board of Directors	Overseeing the adoption and implementation of the Company’s remuneration policy and incentive programmes as well as conducting performance evaluations of the Company’s executive bodies and key managers
Compensation Committee of the Management Board	Building an effective employee compensation system that drives the Company’s competitiveness and long-term success
Organisational Development and HR Management Unit	Human capital management across the Group
Functional areas of HR management across Rostelecom’s business units and subsidiaries	Implementation of HR management policies

Organisational Development and HR Management Unit

Department	Key functions	Key achievements in 2022
HRM Technology and Analytics Department	Automate HR services, conduct research commissioned by HR functions	<ul style="list-style-type: none"> A bonus calculation automation project was launched Employee and candidate personal accounts and digital recruitment were launched in the IQHR system IQHR-based automation of the most routine HR tasks was piloted Digital platform for onboarding and adaptation was launched Over 50 new executive dashboards and reports on requests from units and segments
Internal Communications and Corporate Culture Department	Ensure employee communications, corporate culture development, and employer brand positioning within the Company	<ul style="list-style-type: none"> eNPS¹ was measured, activities to increase employee engagement have been implemented The Recognition programme was continued The Rostelecom brand ambassadors project was expanded The number of events and activities to foster corporate culture was increased A wide range of opportunities are provided for doing sport and maintaining a healthy lifestyle The internal communications system has been further developed
Organisational Development Department	Manage the Company's organisational structure and overall management model	<ul style="list-style-type: none"> Performance and productivity improvement
Compensation and Benefits Department	Manage employee monetary incentives and compensation	<ul style="list-style-type: none"> A new incentive was rolled out for service centres and support specialists of the Technical Infrastructure Unit Incentive systems for sales teams in commercial segments were updated to align them with business goals
Operations Management Department	Manage HR functions and ensure labour law compliance in employment contracts	<ul style="list-style-type: none"> The voluntary health insurance (VHI) system was improved The Coding Classes for Employees' Children were further enhanced An application campaign for the housing programme for PJSC Rostelecom employees was automated
Talent Management Department	Carry out recruitment and onboarding, talent pool management, and mentorship	<ul style="list-style-type: none"> PJSC Rostelecom's recruitment and onboarding processes were upgraded
Knowledge Management Department	Provide methodology support, design programmes, deliver training, assess training results, develop Rostelecom's Corporate Online University, and evaluate employee performance	<ul style="list-style-type: none"> Synergies were achieved between training teams of PJSC Rostelecom and its subsidiaries and affiliates 180 new online courses and programmes were created 966 professional development certificates (continuing professional education) were issued by PJSC Rostelecom The Learning Poster was created The Growth Point platform was set up to support communications with mentors, coaches, and career counsellors
HR Strategy Project Office	Consolidate the Company's HR strategy, manage the employer brand, coordinate key cross-functional HR projects	<ul style="list-style-type: none"> A number of initiatives were implemented within the youth programme: the Your Career Path career development programme, youth councils, and the youth mentor programme The Rostelecom Experts programme was further developed Higher HR brand media indices and a growing number of publications about Rostelecom as an employer in traditional, offline mass media and digital media Esports tournaments and promotion of esports at Rostelecom Development of in-house HR resources and career marketing

¹ Employee Net Promoter Score. A method to measure employee loyalty.

Human capital development

Human capital development has been prioritised as one of PJSC Rostelecom's strategic pillars until 2025.

In a rapidly changing external environment, the HR management strategy has shifted towards fostering a favourable internal environment that drives productivity and teamwork.

Focus areas of Rostelecom's human capital development:

- Caring about employees: stability, income, development of sought-after skills
- Building employee digital skills and capabilities
- Staff retraining and internal migration
- Attracting and retaining young talent
- Developing teamwork tools and practices
- Adopting new approaches to employee development and workforce management through process digitisation
- Improving corporate culture and engagement models

At the previous 2018–2021 strategy implementation stage, Rostelecom migrated to a two-tier governance model. The organisational structure transformation covered all segments and functional units. The project helped reduce the number of management levels, accelerated decision making, and simplified business processes.

PJSC Rostelecom's new HR Management Strategy 2021–2025 is designed to:

- increase labour productivity through retaining and upskilling high-performing employees and improving the management model

- improve employee loyalty with a focus on youth programmes
- develop an ecosystem of knowledge for employees.

Rostelecom's key strategic goals in HR management are to:

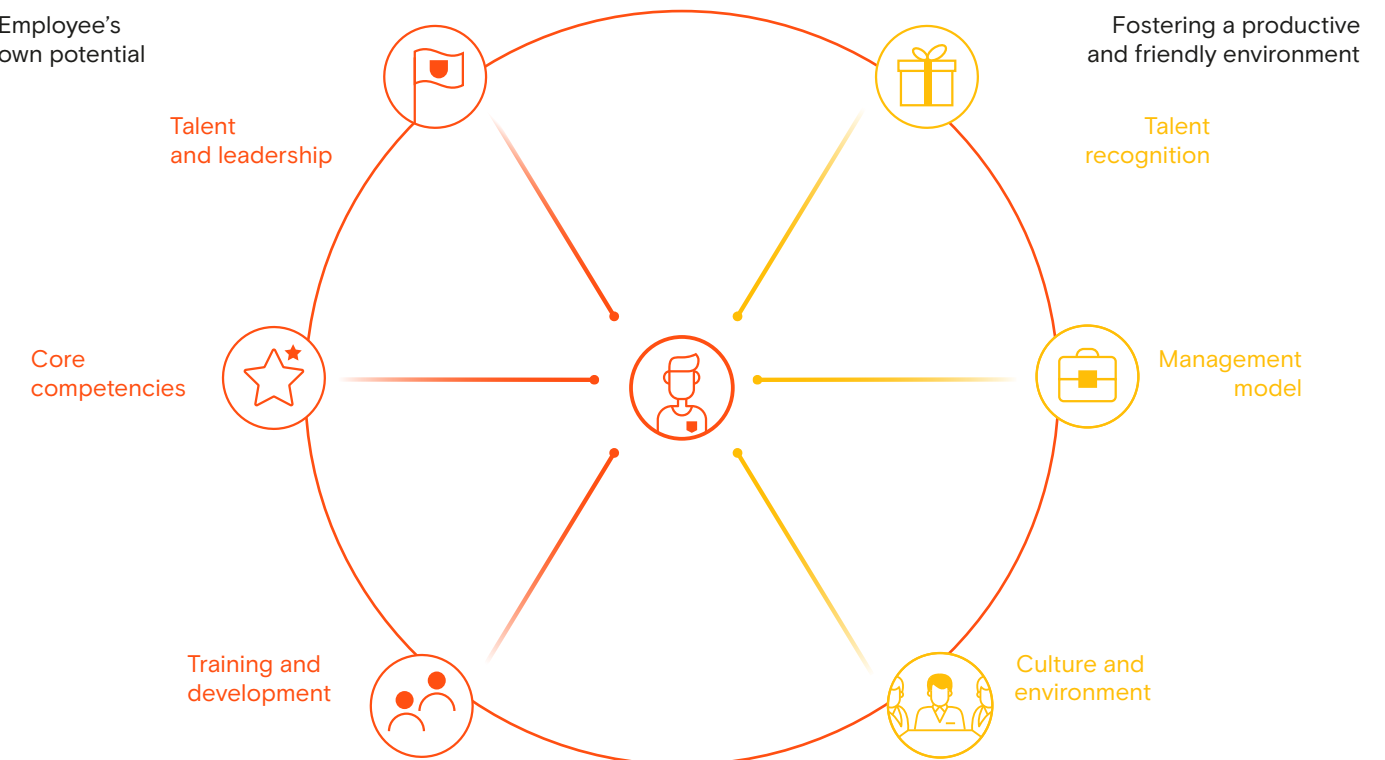
- drive business sustainability through advanced tools aimed at transparency and consistency of HR processes
- maintain high employee performance amid external uncertainties
- help employees to fulfil their full potential in line with the Company's interests
- build a strong team of professionals, introduce role modelling
- transform employees into change agents throughout the organisation while maintaining their engagement levels.

One of Rostelecom's 2021–2025 Long-Term Development Programme key performance indicators is labour productivity index. In 2022, this metric stood at 112 %¹.

In 2023, the Company intends to further improve labour productivity and organisational efficiency.

Employees are central to the Company's business development

Employee's own potential



¹ Calculated in line with the Methodology for Calculating Labour Productivity Indicators of an Enterprise, Industry, or a Constituent Entity of the Russian Federation (approved by Order No. 748 of the Russian Ministry of Economic Development dated 28 February 2018) as a ratio of labour productivity in the reporting year to labour productivity in a baseline year.

80

thousand active
users of the Corporate
Online University

Training and development strategy

In 2022, the Company adopted a new target management model relying on distributed teams. The training strategy was aimed at supporting units in embedding updated business processes, getting employees up to speed on their new roles, and developing collaboration between teams at different management levels (the headquarters and regional branches).

In 2022, a new transparent business process was set up to develop customised project solutions for building teams, with automated requests for training and team-building programme design, a single database of requests for all regional branches, templates, SLAs,¹ and reports.

HR management assessment

The Nomination and Remuneration Committee of the Board of Directors and the Compensation Committee of the Management Board regularly review the performance of Rostelecom's HR management system at their meetings.

We get feedback from employees through pulse surveys on team morale and environment, changes in corporate culture, job satisfaction, loyalty to the Company, and relationships with managers. Responses are analysed and taken into account when planning HR projects addressing employee motivation, development, and training.

Every two years, Rostelecom conducts an employee engagement, satisfaction, and loyalty survey. Over five years, the engagement level has increased by 26 points, from 55 to 81, indicating a substantial improvement in the internal environment across the Company.

The most recent eNPS survey was conducted in January 2022 and covered 84% of employees (more than 72 thousand people). The respondents gave almost 70 thousand comments. The eNPS increased by 10 p.p. from 2020, up 13.6%. The metric is calculated as the difference between the percentage of promoters and detractors, with any positive number considered a good result.

eNPS, %

April 2018	September 2019	October 2020	January 2022
3	10	3.6	13.6

In 2022, we continued to improve our employee feedback system through pulse surveys run at the request of teams. This creates faster feedback on team morale and motivation, and helps pinpoint relevant employee needs within a department, segment, or specific unit.

In addition, employees are also regularly surveyed on new products, pilot launches, internal services, training, and other focus areas. Such surveys help to identify areas of improvement in employee-facing processes and services.

¹ Service Level Agreement. An agreement on service level between the customer and the service provider containing a description of the service, its quality, and each party's rights and responsibilities.

Human capital development awards

In 2022, Rostelecom's achievements in HR management were recognised with a number of awards and prizes:

- The Company was listed in the Platinum category of the Forbes ranking of the best employers in Russia
- Rostelecom ranked 86th in the top 100 overall ranking of FutureToday, which explores expectations of university students and graduates, and 39th in the Among the Target Audience category, becoming the best telecom company in the top 50 ranking

In corporate training and development, Rostelecom was recognised with the following awards:

- Best ESG Projects in Russia – Quality Education category
- SMART Pyramid 2022 – the Training and Development Director of the Year category (Ekaterina Barabanova, Employee Development Director)
- Effective Business Education – Expert of the Year, the Corporate Programmes category (Ekaterina Barabanova, Employee Development Director)

Remote working

Rostelecom provides its employees with all that is needed for remote working, developing relevant standards and performance evaluation approaches for this format.

Remote teams are managed via the Trueconf videoconferencing software. Hosted at Rostelecom's data centres, proprietary software products, such as the Tionix Virtual Desktop (VDI),¹ were rolled out across virtual workplaces.

The Company provides employees with 24/7 access to Rostelecom's resources via its corporate intranet portal, the RT Life mobile app, and the remote.rt.ru portal, while also providing 24/7 support to employees.

Improved workplace safety for employees

The following measures were taken to protect employees who, due to the nature of their jobs, need to be present in-person:

- Thermometers, disposable masks and gloves, and hand sanitisers are deployed at every entrance and every floor across the Group's office spaces
- Field crew members are equipped with personal protective equipment (PPE) – disposable coveralls and gloves as well safety goggles, face masks, shoe covers, and hand sanitisers and moisturisers
- Employees get daily body-temperature checks, social distancing is being observed, and regular PCR tests are selectively done
- Facilities and office spaces are regularly disinfected

Assistance to sick employees

In 2022, Rostelecom arranged for more than 10 thousand COVID-19 tests for its employees, and hundreds of employees received specialist telemedicine consultations. In confirmed COVID-19 cases, the Company organised specialist consultations and provided other medical services, including transportation to Moscow and assistance with transportation to for-profit hospitals for very severe cases.

¹ Virtual Desktop Infrastructure.

4.2.3. EMPLOYEES¹



Recruitment and onboarding

In 2022, PJSC Rostelecom merged recruitment and onboarding into a centralised function, which helped run a diagnostic of the Company’s recruitment and onboarding practices and reengineer the relevant business processes.

We have identified three recruitment segments: mass, skilled talent, and top management searches with an option to match the specifics and needs of large segments across Russia (Technical Infrastructure Unit, B2C, and B2B). Rostelecom has developed and updated the SLAs for time to fill and harmonised key job description / vacancy templates and the relevant recruitment stages.

The recruitment team’s communication model was also redesigned to improve the quality and speed of recruitment. Segment heads and managers are involved in the recruitment process, and feedback is collected from related units.

To enhance the recruitment team, we have introduced a Recruitment section on the Corporate Online University platform, containing over 30 dedicated courses and programmes and a separate learning track for hiring managers. The courses recorded for this section in 2022 cover alternative ways to search for candidates and managing candidates with multiple job offers.

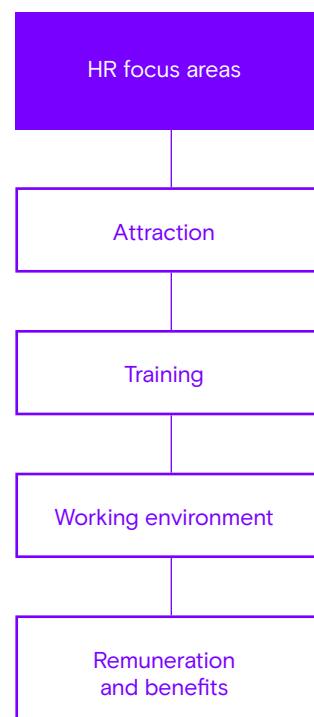
Rostelecom has developed a centralised process model for onboarding new hires and a related metrics model. In the fourth quarter of 2022, the first onboarding tools were rolled out for new employee hires.

These innovations have had a positive impact on recruitment metrics:

- Company-wide, satisfaction score for hiring managers improved from 4.88 in 2021 to 4.94 in 2022
- The quality of internal services around recruitment improved from 8.9 in 2021 to 9.07 in the third quarter of 2022
- More than 29 thousand vacancies were filled in 2022

Rostelecom partners with universities, focusing on jobs of the future, offering internships, and employing young talent. The Company has in place mentorship and onboarding systems for new hires and the Talent Pool programme to insource talent for vacant positions Rostelecom also has a well-developed career planning system.

For more details, see the Employee Training section, page 109.



¹ Indicators in this section are restated compared to previous reporting periods due to changes in the calculation methodology. Previously, the metrics were calculated based on average headcount, but in this Report, they are calculated based on headcount as at year-end.



GRI
(2–7)

GRI
(2–8)

Breakdown of employees

Rostelecom Group employed 122.4 thousand people at 2022-end, with women making up 39 % of the total workforce (47.2 thousand). In 2022, the Group's average headcount reduced by 9.3 % from 2021.

Rostelecom Group's average headcount,¹ people

	2019	2020	2021	2022
Group total	135,178	136,679	126,812	118,989
PJSC Rostelecom	105,754	105,450	95,150	84,520
Subsidiaries and affiliates	29,424	31,229	31,662	34,469

Rostelecom Group's headcount as at year-end,¹ people

	2019	2020	2021	2022
Headcount at the end of the reporting period (including employees on parental leave and excluding part-time employees), including:	149,065	146,801	129,773	122,396
• part-time employees	16,291	13,612 ²	13,447 ²	10,986
• temporary employees (on fixed-term contracts)	12,084	12,840 ²	11,082 ²	4,651
• employees under independent contractor agreements	27,723	47,301 ²	42,556 ²	43,592

Rostelecom Group employees by age,³ people

	2019	2020	2021	2022
30 and younger	32,631	30,753	26,010	23,015
31–49	74,270	74,269	68,192	66,714
Over 50	40,071	39,475	33,912	32,370
Total	146,972	144,497	128,114	122,100

¹ The 2019–2022 indicators presented in the table include data for PJSC Rostelecom and the Group's subsidiaries and affiliates. Headcount-wise, this perimeter covers 98 % of the entire Group.

² The calculation method has been changed compared to the previous report.

³ For some subsidiaries and affiliates, these metrics do not include employees on parental leave, so the total number of employees differs from the Group's average headcount. The 2019–2022 indicators presented in the table include data for PJSC Rostelecom and the Group's subsidiaries and affiliates. Headcount-wise, this perimeter covers 98 % of the entire Group.

GRI
(405–1)

Employing people with disabilities

Rostelecom offers equal opportunities and provides jobs for people with disabilities. As at 2022-end, the Group employed 1,102 people with disabilities, or 1% of the total headcount.

Proportion of disabled employees among Rostelecom Group's workforce¹

	2019	2020	2021	2022
Headcount as at year-end, people	1,684	1,145	1,232	1,102
Share of headcount, %	1.27	0.85	0.99	0.93



Gender balance

The Group is committed to providing decent work for women and men, including young people and people with disabilities, and ensures equal pay for work of equal value.

Rostelecom Group's gender balance¹

	2019	2020	2021	2022
Women as at the period end, thousand	65.5	62.3	54.4	47.2
Proportion of women in management positions, ² %	30	32	35	34
Proportion of women among new hires, %	43.6	41.5	44.9	40.4
Proportion of female employees, %	44	42	44	39

¹ The 2019–2022 indicators presented in the table include data for PJSC Rostelecom and the Group's subsidiaries and affiliates. Headcount-wise, this perimeter covers 98 % of the entire Group.

² Proportion of women in the total number of managers (all those who supervise at least one subordinate).

PJSC Rostelecom was included in the Bloomberg Gender–Equality Index

In early 2022, PJSC Rostelecom was included in Bloomberg’s Gender–Equality Index (GEI) for the third time.

The 2022 GEI shows an increase in social data disclosures by companies committed to creating inclusive workplaces.

The index confirms the transparency of gender–related practices and policies in companies that annually increase their disclosure of environmental, social, and governance (ESG) data available to investors. Companies included in the 2022 index set an example of more transparent reporting and social data disclosure. Following COVID–19–induced changes in the business environment, the 2022 GEI highlighted practices that bolster a company’s resilience, such as flexible working hours.

The 2022 GEI covers 418 companies from 45 countries. Rostelecom was included in the 2022 index as a company that scored high across the index framework, including the level of disclosure on gender equality in the workplace and in local communities.

At Rostelecom Group, 73 % of the workforce is represented by specialists (white–collar employees), with men prevailing in this category (61% of men vs 39 % of women). The second largest category, at about 10 % of the total headcount, is blue–collar employees, 83 % of whom are men and 17 % are women. Functional managers make up 10 % of the total headcount, and 36 % of them are women. Senior managers account for 0.25 % of the headcount; 28 % of them are women.

Rostelecom Group employees by category,¹ people

	2019		2020		2021		2022	
	M	W	M	W	M	W	M	W
White–collar employees	46,726	51,026	51,698	48,134	55,093	41,932	56,414	38,717
Blue–collar employees	27,080	6,866	22,634	6,496	11,907	5,430	9,823	3,469
Functional managers	10,081	5,741	10,378	5,841	7,951	5,032	8,439	4,806
Senior managers	280	95	318	114	362	129	223	86
Other employees	15	168	16	159	44	141	13	110
Total	84,182	63,896	85,044	60,744	75,357	52,664	74,912	47,188

60 % of employees are part of the technical team; the commercial team, at 22 %, is the second largest, while administrative staff makes up 2.8 % of the total headcount.

Rostelecom Group employees by function,¹ people

	2019	2020	2021	2022
Technical team	87,404	87,484	76,847	72,690
Commercial team	37,308	34,465	28,841	26,477
Administrative team	3,072	2,925	2,847	3,451
Other	19,187	19,619	19,579	19,813
Total	146,971	144,493	128,114	122,401

¹ The 2019–2022 indicators presented in the table include data for PJSC Rostelecom and the Group’s subsidiaries and affiliates. Headcount–wise, this perimeter covers 98 % of the entire Group.

GRI
(401–3)

Parental leave

We offer parental leave to all Company employees. Additionally, Rostelecom pays one-off childbirth or child adoption allowances of RUB 5,000 to employees with at least two years of employment at the Company. In 2022, a total of 1,600 employees exercised their right to parental leave (1,562 women and 44 men), and 1,724 employees returned to work after parental leave (1,672 women and 52 men).

Number of employees that took parental leave¹

	2019		2020		2021		2022	
	M	W	M	W	M	W	M	W
Total number of employees that took parental leave	1,420	1,749	1,225	1,868	1,142	2,258	44	1,562
Total number of employees that returned to work after the leave	1,887	895	1,651	841	1,536	460	52	1,672
Total number of employees that returned to work after the leave in the previous reporting period and were still working at the end of this reporting period	894	780	910	728	664	341	– ²	– ²

GRI
(401–1)

GRI
(405–1)

100%

of the Group employees
are covered by the collective
bargaining agreement

GRI
(2–30)

Protection of employee rights

The Group's activities are based on our corporate values – adaptability, human touch, simplicity, and development. We respect each employee and their rights while complying with the Russian labour law and labour standards set out in the International Bill of Human Rights, ILO Declaration on Fundamental Principles and Rights at Work, and other international regulations.

PJSC Rostelecom and all subsidiaries and affiliates have approved internal labour regulations setting out the basic rights, duties, and responsibilities of the relevant company and its employees. The full list of the rights enjoyed by employees is detailed in PJSC Rostelecom's collective bargaining agreement for 2022–2023. Employee rights are also reflected in PJSC Rostelecom's Code of Ethics and Corporate Governance Code.

According to the collective bargaining agreement, employees are notified of material changes in the Group at least two months before the intended date of the event. Such events include changes in the remuneration system and performance standards as well as termination due to liquidation or redundancy.

We uphold the rights of our employees and their family members to social security, education, respect for family life, housing, artistic freedom, and participation in the cultural life. To this end, the Group runs development and social support programmes for employees. All employees have equal opportunities for professional development and career growth. We use an established procedure to comprehensively evaluate employee performance. Hiring and promotion at the Company depend on the professional knowledge, abilities, and skills of applicants and employees.

All Rostelecom employees enjoy the freedom of association and the right to collective bargaining and may join various trade unions and professional associations. Rostelecom suppliers, contractors, and other stakeholders share and support this approach.

Rules of business conduct

We strictly adhere to the principle of non-discrimination in labour rights and freedoms or benefits against employees on grounds of gender, race, age, skin colour, ethnicity, language, origin, material, marital, social, or official status, place of residence, religious views, beliefs, membership in (or failure to join) particular public associations or social groups, in line with PJSC Rostelecom's Code of Ethics.

The Company's Code of Ethics sets out the main rules of business conduct mandatory for all employees and members of the Board of Directors and the Audit Commission of Rostelecom. The Company encourages non-discriminatory practices, including on the grounds of gender. In case of any potential for discrimination, the Company has developed a response procedure.

Employee turnover

The Group hired a total of 23,611 people in 2022, comprising 59.6 % of men and 40.4% of women. Rostelecom does not pursue the policy of a predominantly local workforce and selects candidates to fill vacancies based on their education level, qualifications, and professional skills.

New employee hires and terminations,¹ people

	2019 ²		2020 ²		2021		2022	
	M	W	M	W	M	W	M	W
Hired	18,151	14,016	16,147	11,943	13,336	10,866	14,074	9,537
Terminated	4,315	7,119	4,500	6,937	5,380 ²	7,091 ²	11,046	7,861

Employee turnover at the Group was 16.4 % in 2022, down 4.4 p.p. year-on-year.

Employee turnover at Rostelecom Group,¹ %

	2019	2020	2021	2022
Overall employee turnover	15.7	16.4 ²	20.8 ²	16.4

Employee turnover at PJSC Rostelecom,¹ %

	2019	2020	2021	2022
Overall employee turnover	10.5	9.6	14	12.1

¹ The 2019–2022 indicators presented in the table include data for PJSC Rostelecom and the Group's subsidiaries and affiliates. Headcount-wise, this perimeter covers 98% of the entire Group.
² Due to changes in the accounting methodology, the Company did not track this metric in the reporting year.

¹ The 2019–2022 indicators presented in the table include data for PJSC Rostelecom and the Group's most significant subsidiaries and affiliates. Headcount-wise, this perimeter covers 98 % of the entire Group.
² The calculation method for the periods marked with an asterisk differed from the method used for data collection for the reporting period.

Permanent and temporary staff

During the year, Rostelecom Group outsourced certain jobs to independent contractors (totalling 43,592 contractors as at 2022-end).¹

- These specialists were mainly engaged to:
- connect customers to Rostelecom services
 - install customer premises equipment
 - handle customer calls as part of first-line support
 - perform periodic business support tasks during peak periods.

There are seasonal variations in employment at Rostelecom, mainly in the southern regions and the Far East from June to August. In the southern regions, higher employee churn is linked to the local focus on agriculture as employees are engaged in farming activities at their own land plots. In the Far East, employees usually leave during fishing seasons.

Rostelecom Group permanent and temporary employees as at the end of the period,² people

	2019	2020	2021	2022
Number of employees (permanent staff only, excluding those on parental leave, employees under independent contractor agreements, and internal part-timers)	142,621	140,924	123,899	117,856
Number of part-time employees	16,291	13,612 ³	13,447 ³	10,986
Number of temporary employees (on fixed-term contracts)	12,084	12,840 ³	11,082 ³	4,651
Number of contractors under independent contractor agreements (excluded from the total headcount)	27,723	47,301 ³	42,556 ³	43,592
Number of employees with an hourly wage	7,228	7,949	7,471	5,795
Number of workers who are not employees (interns, volunteers, contractors, self-employed)	621	423	450	447

¹ Persons employed under independent contractor agreements are not Rostelecom employees and are not considered Rostelecom staff for the purposes of Russian labour laws but merely perform work or services under civil law.
² The 2019–2022 indicators presented in the table include data for PJSC Rostelecom and the Group's most significant subsidiaries and affiliates. Headcount-wise, this perimeter covers 98 % of the entire Group.
³ The calculation method has been changed compared to the previous report.

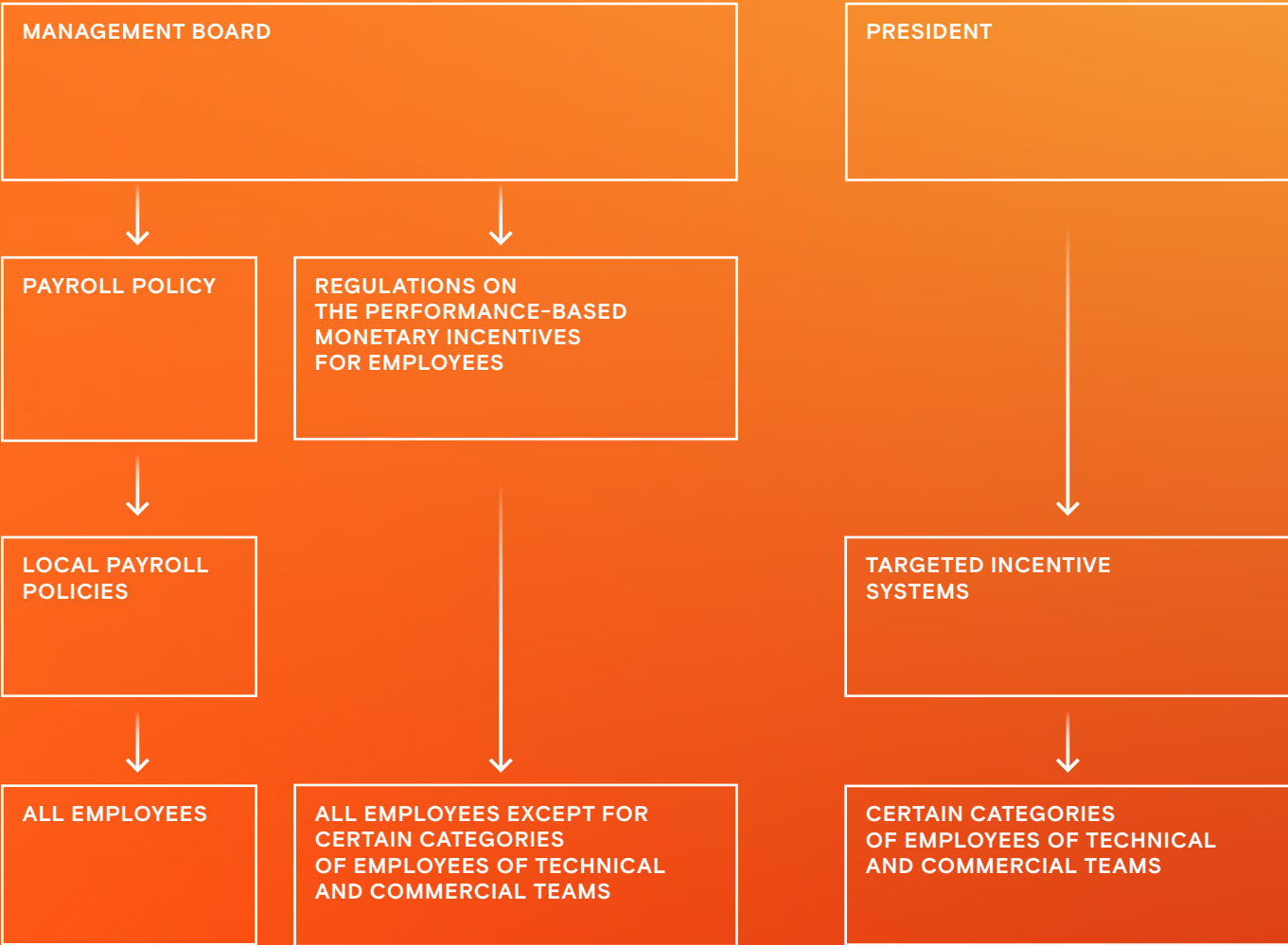
111.2

RUB bn Rostelecom's labour costs in 2022

Remuneration and incentives



To retain highly qualified employees, Rostelecom has in place comprehensive incentive systems, which also encourage employees to increase labour productivity and look for new ways to address the Group's tasks using digital technologies.



829.4

RUB thousand – employees' average annual income

There is no uniform approach to remuneration and incentives for employees of the Group subsidiaries and affiliates. Each subsidiary/affiliate has its own remuneration system depending on its profile. Regulations related to financial incentives for employees of subsidiaries and affiliates are approved by order of the CEO in line with the charters of respective subsidiaries and affiliates.

We provide fair pay, annually indexing pay rates and gradually increasing payroll. Pay indexation is calculated individually and takes into account the consumer price index (CPI), the employee's income level, and the local minimum wage in the relevant region.

In 2022, Rostelecom Group's labour costs totalled RUB 111.2 billion, up 10 % year-on-year (RUB 99.5 billion in 2021). The average annual pay of employees increased by 28.7 % to RUB 829.4 thousand (RUB 644.2 thousand in 2021).



Rostelecom Group's labour costs

	2019	2020	2021	2022
Payroll, RUB bn	85.0	98.6	99.5	111.2
Average income, ¹ RUB thousand/year	542	657	644.2	829.4

The Company has in place the Regulations on the Long-Term Bonus Programme for Employees of PJSC Rostelecom for 2020–2022. As part of the approved Long-Term Incentive Programme, participants are set key performance indicators (KPIs).

KPIs include strategically important indicators as well as metrics that are important to shareholders and investors:

- Net profit
- Free cash flow
- Return on invested capital (ROIC)

Target KPIs are set in line with the Company's Long-Term Development Programme.

These targets have been consistently met over the duration of the Long-Term Incentive Programme, which means the Company's strategic goals were successfully achieved.

Key employees are offered Company shares as an incentive under the Long-Term Incentive Programme. Compared to the Programme's previous cycle, the number of employees holding Company shares grew from 600 to 800.

In 2022, Rostelecom continued implementing its Fair Pay project. The project is slated to be completed within five years starting from 2019. Within the project, we benchmark the current pay rates for our employees against the average rates for similar positions in the same region and identify the employee categories paid below the market. Data on the pay levels are updated on a monthly basis taking into account changes in the current pay rates.

In 2022, we shared our methodology for benchmarking pay rates against market rates for similar positions and salary survey data with our key subsidiaries and affiliates as well as with major clusters. This information will enable them to assess pay levels on their own and bring their salaries to market levels. For other subsidiaries and affiliates, PJSC Rostelecom has launched a centralised pay level assessment service.

Rostelecom monitors changes to the federal minimum wage on a quarterly basis to adjust the minimum wage for its employees. Subsidiaries and affiliates monitor changes on their own.

84 %

**PAY LEVEL AT PJSC ROSTELECOM
AT 2022-END, TAKING INTO
ACCOUNT THE AVERAGE
MARKET GROWTH OF 9 %**

In 2022, following a change in the federal minimum wage, the target remuneration level was reviewed against the new minimum wage and increased accordingly for certain employee groups.

Overtime is regulated by the Labour Code of the Russian Federation, PJSC Rostelecom's Internal Labour Regulations, and internal regulations of subsidiaries and affiliates. If employees work overtime or on holidays, they are compensated accordingly in line with the Russian Labour Code.

¹ The 2019–2022 indicators presented in the table include data for PJSC Rostelecom and the Group's most significant subsidiaries and affiliates. Headcount-wise, this perimeter covers 98 % of the entire Group.

GRI
(405-2)

Gender pay gap

We analysed the gender gap in the remuneration of Rostelecom Group employees. In 2022, women's average income at the Group was 21.8% lower than men's, and the gender pay gap for middle management and other management was 14.7% in favour of men.

Gender pay gap,¹ RUB

	2019	2020	2021	2022
Weighted average income of men	51,032	58,551	60,014	90,750
Weighted average income of women	40,259	46,743	44,948	70,935
Gender gap in average salary, %	21.1	20.2	25.1	21.8
Gender gap in the salary of middle managers and other managers, ² %	45.3	44.5	24.1	14.7
Weighted average income of middle managers and other managers, men	318,713	350,451	228,508	115,407
Weighted average income of middle managers and other managers, women	174,474	194,586	173,338	98,387

Employee incentives

Rostelecom has in place a number of motivation regulations and incentive programmes for its employees. Both short-term and long-term incentive systems are in place at subsidiaries and affiliates, and the programmes are tailored to each particular subsidiary or affiliate, taking into account the organisation's profile.

Long-term incentives

In 2022, the Long-Term Incentive Programme continued to operate, covering Rostelecom employees in grades 6 to 11. Under the Programme, employees can invest a part of the variable portion of their salary in Company securities and receive equity awards based on their position, invested amount, and performance. The Programme is implemented via RTC-Razvitie, a closed-end fund. The maximum total number of shares owned by Programme participants may not exceed 6% of the Company's charter capital. The maximum number of shares owned by Programme participants in each cycle may not exceed 2% of the Company's charter capital.

The Programme for 2020–2022 comprises three annual cycles launched in 2020, 2021, and 2022. The work on a new Long-Term Incentive Programme for 2023–2025 is ongoing. The new Long-Term Incentive Programme is focused on continuity and aligned with the Company's strategic objectives. The Programme will also reflect the country's political and economic environment.

Short-term incentives

The Group has in place annual bonus schemes for top and middle managers. Yet another employee motivation tool used by Rostelecom is quarterly quality assessments of in-house services. These assessments boost cross-functional collaboration, with their results used to optimise in-house services.

In 2022, we developed and updated incentive programmes for commercial segments and the Technical Infrastructure Unit aimed at improving employee efficiency.

Performance evaluation of the new incentive systems introduced in 2022 is carried out on a regular basis jointly with respective segments.

¹ The 2019–2022 indicators presented in the table include data for PJSC Rostelecom and the Group's most significant subsidiaries and affiliates. Headcount-wise, this perimeter covers 98% of the entire Group.
² Middle managers and other managers – top-grade managers who supervise employees and other managers supervising at least one subordinate.

GRI
(404-3)

System of KPIs

Rostelecom continues to operate its existing systems of KPIs, with KPIs set based on the position and scope of responsibility. Employee evaluations are run every year, with bonuses paid to employees linked to the achievement of corporate, business, and individual targets.

We run the Recognition corporate award as a non-financial incentive designed to recognise top-performing employees and project teams. All categories of the Recognition award reflect Rostelecom's strong set of values and capabilities, with the number of nominations increasing every year.

- Recognition 2022 awards for 2021 achievements:
- About 3,500 employees from all Russian regions won the Recognition award at the regional, macroregional, or headquarters level
 - All regional branches and macroregions held award ceremonies involving Rostelecom executives
 - 143 employees and 12 projects won the Recognition award at the federal level, including:

11

employees were awarded the Golden Badge

29

employees were recognised as inspiring leaders

47

employees won the Best Employee category

31

employees won the Strongest Link category

9

employees were selected as winners in the Bright Start category

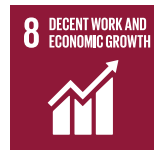
4

employees were recognised in the new Digital Leaders category

Rostelecom branches held award ceremonies in May, and the federal-level winners attended the main ceremony in Saint Petersburg in August. The main Recognition award ceremony was livestreamed for all employees. Our employees are proud of the Recognition awards and highly rate this incentive project (the project's NPS is 9.7).

GRI
(201–3)

GRI
(401–3)



40

RUB bn – total insurance coverage under the VHI contract

908

employees received support for their mortgage agreements

28

thousand people are members of our corporate pension scheme

Social benefits and compensations

Rostelecom has in place the social protection system for its employees, enabling a comfortable and safe working environment.

PJSC Rostelecom's collective bargaining agreement for 2022–2023 covers all Company employees and provides guarantees, benefits, and compensations to all employees whose work with the Company is their primary job, regardless of their employment type. The agreement provides for two groups of benefits: basic benefits and the Cafeteria Plan.

Basic benefits or compensations are made available to employees for certain events such as childbirth, awards, extra paid compassionate leave, etc. The basic list of social guarantees was not amended in 2022.

The **Cafeteria Plan** is a set of social benefits and compensations for an employee to choose from in accordance with his or her needs and within the available money limit, which is the same for all employees within a given macroregional branch.

The Cafeteria Plan includes:

- compensations for trips to health resorts and treatment programmes to employees and their children
- coverage of expenses on additional education services and gym memberships
- financial assistance for holidays
- gifts for children.

Voluntary health insurance

Rostelecom continues to operate a VHI programme. The total number of insured employees was 97,985 at 2022-end. The insurance programme covers outpatient and inpatient treatment, dental and emergency medical services, and telemedicine consultations.

In 2022, the insured employees received all necessary medical care under the VHI contract.

The Housing Programme

The Company continues to operate its Housing Programme, through which 908 Rostelecom employees received interest-free loans or reimbursement of interest on mortgage loans taken by employees earlier for a total of RUB 218 million in 2022.

A total of 8,507 employees have received assistance to purchase housing for a total of RUB 2,443 million over the period of the Housing Programme.

In 2023, we intend to provide assistance to 1,100 employees for a total of RUB 327 million.

Private pension insurance

Rostelecom has in place its Private Pension Insurance Programme. In 2022, Rostelecom paid annual additional incentive contributions to the individual pension accounts of employees hitting 90 % or more of individual KPI targets in 2021. As a result, we paid a total of RUB 874 million in incentives to 26,523 employees.

28,038

Number of employees covered by the fund's corporate pension scheme

(44 % of employees eligible to participate in the Programme)

387

RUB m Intergenerational solidarity contributions

874

RUB m Additional incentive contributions from the Company

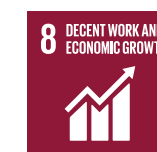
26,523

Number of employees who received additional incentive contributions

951

Number of employees enrolled in the private pension scheme at NPF Alliance

Improving working conditions



Rostelecom consistently works on maintaining and improving a healthy working environment for its employees.

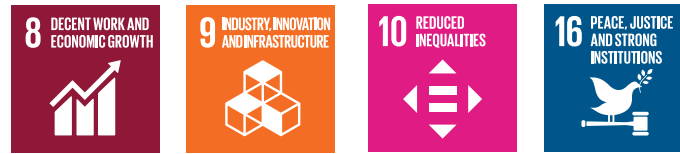
We renovate work premises as well as common areas (toilets, showers, dining and changing rooms, entrances, and lift lobbies), in particular replacing windows, insulating façades, making area improvements, and purchasing the necessary furniture.

In 2022, Rostelecom continued to provide its employees with PPE to prevent the spread of COVID-19.

The preventive hygiene measures included cold fogging, daily wet cleaning with disinfectants, with a particular focus on disinfecting high-touch surfaces and common areas such as door handles, light switches, handrails, railings, dining and rest rooms, toilets, gyms, and gym equipment.

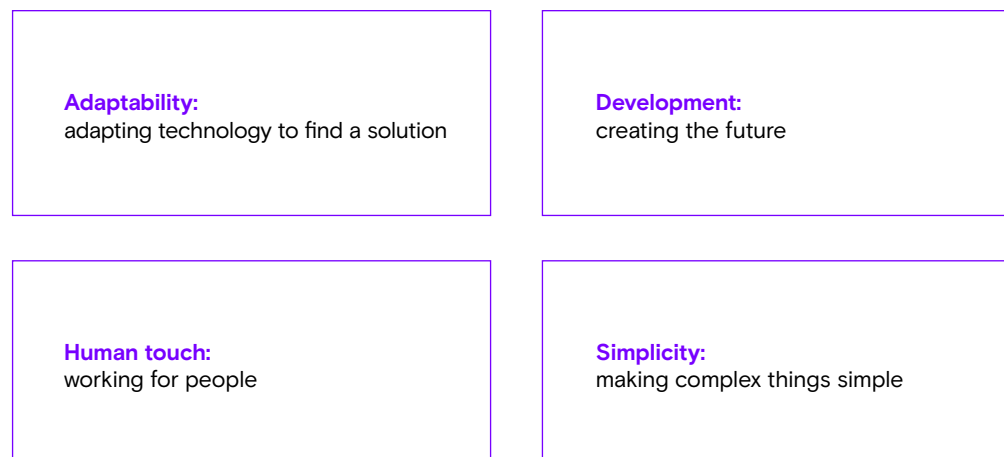
Rostelecom continues its VDI-enabled Remote Workplaces project for employees to work remotely without being tied to specific office workstations or desktops.

4.2.4. CORPORATE CULTURE AND INTERNAL COMMUNICATIONS



Rostelecom's corporate culture unites product teams, units, and numerous subsidiaries with consistent values and a common language to achieve great results.

Rostelecom Group's corporate values



60

thousand employees took part in the Direct Dialogues with management

In late 2020 and early 2021, Rostelecom conducted a corporate culture study to identify the strengths and weaknesses of our culture. The study findings were used by the Company to develop a programme to create a Company-wide supportive environment where every employee can find their vocation and realise their ambitions. This programme underpinned the Together for Something Greater corporate culture concept that we developed and integrated into our HR strategy in 2022.

Leaders foster teamwork culture in their teams, promote commitment to the Company's values and goals and flexible decision making, while encouraging employee empowerment.

In 2022, top management identified five key areas of focus for a collaborative team culture. Five Management Board members became ambassadors of these values to drive change in the organisation's operations and employee behaviour.

To support line managers and their teams, development programmes were designed, a course on creating an engaging environment in a team was prepared, and a platform for sharing best practices among the Company's branches was launched. Local leader communities are created to enable a holistic approach to leadership culture.

Corporate culture is promoted through values, principles, teamwork rules, and a range of communication tools.

800

brand ambassadors

In 2022, a number of traditional Company-wide celebrations were held:

- Defenders of the Fatherland Day and 8 March
- Communications Day
- Company Day
- New Year

Team-building and motivational activities included:

- festivities and the It's Great to Be Back awareness raising campaign to celebrate the return of employees to offices
- challenges for youth movement members timed to coincide with Youth Day
- congratulations to employees and their families on Mother's Day
- a team-building flash mob for National Unity Day.

In 2022, we launched Direct Dialogues, a new format for communication between top managers and other managers and employees. At offline and online meetings, managers update employees on the goals and objectives of the Company or a specific branch, achievements and best practices of their teammates, available benefits and opportunities, and other relevant topics. A total of 192 direct dialogues were held in 2022, with the project covering over 60 thousand employees.

Throughout the year, the Company organised a number of activities for employee children:

- From Kaliningrad to Chukotka, a drawing contest, (April)
- A patriotic children's concert for Victory Day (9 May)
- Educational activities for Children's Day: an online quiz in a Telegram bot, live tours to communications museums, themed quizzes, and so on (June)
- Autumn Vacations with Baytik (November)
- A New Year's concert and an advent calendar (December)

A special mascot, **Baytik and his family**, has been designed for children's projects. The use of mascots helps gamify activities and convey information to children about their parents' jobs and the Company's products and services in an engaging and entertaining way.

The Company continues to operate in a hybrid mode. Corporate events are still also held in a hybrid format, with offline activities for field and office-based employees and online activities for employees working from home, to cover as many people as possible.

In 2022, Rostelecom gave gifts to more than 3,000 employees across Russia to acknowledge their active contribution to corporate culture projects: corporate merchandise, souvenirs with the Company logo, gadgets, and devices to improve workplace health.

Rostelecom brand ambassadors

The Company has been running the Rostelecom Brand Ambassadors project for four years now. The project primarily focuses on promoting corporate values among employees.

In 2022, the project's format changed as the Company stopped awarding points for completing tasks to be further exchanged for corporate souvenirs and merchandise. Now, the ambassadors attend the Values Workshop, choose specific development areas for themselves (leader, blogger, mentor), and participate in other projects to promote Rostelecom's values. No points are awarded for participation. Close to 800 people took part in the programme in 2022, with over 50% of them being regular participants.

Ambassadors are also involved in:

- philanthropy projects
- the Digital Education project
- the Cybersecurity project
- key corporate projects (Company Day, communities of interest, etc.)
- testing of public services and assessment tools
- creating a landing page for job applicants.

The ambassadors rated their overall satisfaction for the 2022 project at 9.6 on a scale of 10 on average (up 1.8 points year-on-year).

Promoting a healthy lifestyle among employees

GRI
(403-6)

We promote healthy and active lifestyles among our employees. Rostelecom promotes sporting activities and hosts cultural events for its employees: professional skills competitions, creative contests, sports tournaments, and competitions. Our loyalty programme offers employees discounts from chain fitness clubs or health and wellness centres.

In 2022, all sporting activities at the Company were resumed on a regular schedule following the lifting of COVID-19 restrictions. Volleyball, football, tennis, CrossFit, running, swimming, and other training practices have been resumed. The workouts take place both on corporate and rented sports grounds involving professional instructors.

Over the past year, employees participated in 80 external tournaments in various sports, including city sports competitions, competitions among teams from other large employers, and industry tournaments. About 1,000 employees took part in the Zabeg.RF federal project to a total of about 5,000 kilometres.

In June, the Company held a large sports marathon to take fitness tests to the GTO (Ready for Labour and Defence) standards. Over 1,700 employees from 52 regional branches took part in the event.

1,700

PARTICIPANTS
OF THE GTO MARATHON

During the year, the Company also held its Great Race – Time of the Strong, a corporate cross-country running race, which involved about 1,000 thousand employees. The winning teams

of the regional phases met in the finals, which took place in Moscow in September and involved 150 athletes.

In 2022, the Company started a Chess Club, which was joined by both Company employees and their children, totalling about 700 people. Our employees participate in both in-house tournaments and open industry championships.

RT Balance, our corporate well-being app, is highly popular among our employees. It offers online workouts and programmes, challenges, marathons, and articles on healthy lifestyle, psychology, finance, parenthood, etc., with new content added on a regular basis. The number of active RT Balance members reaches up to 5,700 employees per month.

5,700

MONTHLY USERS
FOR THE RT BALANCE APP

Rostelecom employees can become the app experts and create their own articles and marathons. This feature was provided through integration with the PROexperts project, which aims to develop core professional competences in employees.

To provide psychological support to employees in a challenging life situation, we launched the Yasno support service in 2022. During the year, employees sought professional advice from psychologists more than 9,200 times.



Internal communication system

In 2022, the Company restructured and improved its internal communication system to include federal (Company-wide) and regional communications.

Rostelecom's intranet portal

Our corporate intranet portal remains a key tool for maintaining, developing, and promoting the core values of our corporate culture: simplicity, human touch, adaptability, and development.

In 2022, our corporate intranet portal had more than 32 million visits, down 20% year-on-year due to the transition to our target management model and rightsizing as well as massive return to offices from working at home across most units.

32

MILLION VISITS TO THE CORPORATE
INTRANET PORTAL

The portal's team continues to improve services, create tools, and add content. This helps employees adapt to the current environment, keep in touch with their teammates, and receive help.

Say Thank You to a Colleague, our non-financial incentive, is gaining traction: in 2022, our employees used it over 60 thousand times.

Over 50 thousand people participated in the RTLikes gamification programme aimed to encourage activity on the intranet portal.

In 2022, we created 64 pages featuring news, widgets, photos, and announcements from our regional branches. We continue developing the functionality of our regional pages. These efforts have enabled us to boost online presence of all Company branches and increase the number of regional news updates by almost four times. As at 2022-end, news of our regional branches were viewed 52.5 thousand times.

50

THOUSAND PARTICIPANTS OF RTLIKES
PROGRAMME

In 2022, we ran 43 weekly surveys on our corporate intranet portal, with participation averaging close to 2,000 employees. The most popular surveys included those related to employment and work conditions: "What's your take on the lifting of restrictions on office visits?", "What in your view is the most effective incentive?" The survey results are published on the portal in the Weekly Surveys section and get multiple comments from users. Insights from the surveys help us adjust our communication strategy.

In 2022, 10 new sections were added to the portal, and 14 existing sections were tweaked.

10

NEW CORPORATE PORTAL PAGES
WERE LAUNCHED IN 2022

Corporate e-mail newsletters

In 2022, the Company fully redesigned its bulk mailing system and reduced the number of bulk mail-outs. News updates and communications unrelated to operations were redirected from e-mail to other channels such as intranet portal, messengers, and social media. Mailboxes and mailing lists for regional branches have been harmonised and standardised, with greater consistency brought to templates.

Social media

In 2022, the Company launched a Telegram channel for employees, dubbed "Among Your Own at Rostelecom". The channel has over 6,000 followers. About half of them are field employees with no corporate e-mail accounts: the channel has become a convenient and accessible tool for them to communicate with the Company.

On top of this, in 2022, we started to develop a system of regional Telegram channels: 23 branches set up their own channels featuring current information relevant to employees.

We have continued to develop our VKontakte group for staff, with the number of followers exceeding 6,000 and growing. The group discusses interesting stories from employees' lives, their hobbies, and important news.

Career groups targeting both potential Company employees and the current Rostelecom team carried on their activities in 2022. With 16,400 followers on VKontakte and 2,400 on Telegram, our career groups post updates about the Company, its team and values as well as vacancies. In addition, they help maintain Rostelecom's image as Russia's largest provider of digital services and solutions and a company that cares about its team and offers its people vast opportunities for growth, development, and involvement in important, ambitious projects. The groups' content is well received by the audience, with more than 10,900 reactions from followers, such as likes, comments, or shares.

3,347

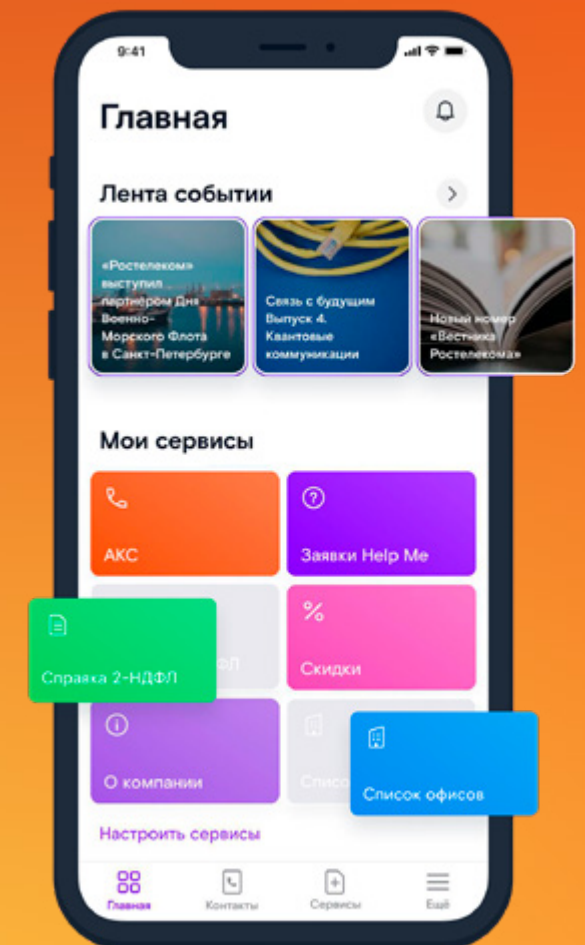
THOUSAND USERS – THE TOTAL REACH
OF CAREER GROUPS ON SOCIAL MEDIA

RT Life app

Rostelecom employees have access to the RT Life corporate mobile app combining an address book, a reference book, a news feed, and a system for sending requests to various functions within the Company. New request forms were added to the HelpMe automated helpdesk system in 2022, and the launch of a vacation service (currently in the internal testing stage) is scheduled for the first half of 2023.

The Company collects statistics about user behaviour to develop only in-demand features. Data collection complies with the rules of confidentiality and personal data processing.

A detailed description of the app can be found at <https://rtlifert.ru>.



4.2.5. EMPLOYEE TRAINING AND DEVELOPMENT



Rostelecom needs a qualified workforce to carry out its operations.

The Group has established a system for employee professional development: training, self-fulfilment, and career growth. We help each employee successfully deliver on the set objectives from day one and offer comprehensive professional and personal development programmes.

Rostelecom's employee training and development system includes:

- Knowledge Management Department
- Corporate Online University, an online learning platform
- Capability Development Department, with a team of in-house soft-skill trainers and training project managers
- Training Department under the Technical Infrastructure Unit
- Mass Segment Training Department
- Training Support Department
- Employee Evaluation and Career Development Department
- B2B and B2G Training Office.

The Knowledge Management Department coordinates employee development efforts across the Group: it is responsible for the methodology and development of federal programmes, preparation and delivery of training programmes based on business requests, design and automation of business processes for employee training and evaluation while at the same time analysing training effectiveness and developing Rostelecom's Corporate Online University.

In 2022, the Knowledge Management Department continued to enhance the in-house employee training system. In particular, it improved the Corporate Online University platform and launched a number of federal-level projects for various audiences, from regional top management teams to technicians on the ground.

To create an optimal and comfortable environment for employee development, we continued to experiment with various training formats and digital tools, from chatbots and dialogue simulators to AI-driven individual skills assessments.

Progress in 2022:

- 86% of PJSC Rostelecom employees are covered by training (up 4% year-on-year)
- 91% of managers are covered by training (up 6% year-on-year)
- 78% of PJSC Rostelecom employees are covered by training at the Corporate Online University
- 49% of PJSC Rostelecom employees take optional training at the Corporate Online University
- The amount of training¹ delivered over the year grew by 0.2% year-on-year, a positive result considering the decrease in the actual audience due to the transition to the target management model
- 90 NPS training programmes to develop soft skills, featured in the internal catalogue, were delivered
- Ekaterina Barabanova, Employee Development Director, won the Grand Prix of the SMART Pyramid 2022 award for achievements in training and human capital development in the Training and Development Director of the Year category

¹ Amount of training: total number of person-courses taken across in-house or external training, or remote learning programmes by the end of the reporting period. A person-course is one training event/course completed by one employee.



Average hours of training per employee delivered by PJSC Rostelecom

Employee category	2019		2020		2021		2022	
	M	W	M	W	M	W	M	W
Top managers	56.2	54.9	63.3	61.0	48.4	44.9	38	32
Managers	33.9	30.7	37.0	35.7	34.1	36.4	64	51
White-collar employees	26.4	22.9	30.4	29.4	27.0	25.4	30.5	37
Blue-collar employees	18.4	11.6	18.5	15.2	24.1	21.5	24.7	26
Average across all categories	33.7	30.0	31.6	30.1	32.3	30.9	31.2	33.8

Subsidiaries now have dedicated units to manage employee training matters. Employees of subsidiaries and affiliates can also receive training at Rostelecom. They participate in mass open online training programmes, some federal-level programmes, and training projects run by individual business segments.

In 2022, 28 subsidiaries and affiliates got access to the Corporate Online University. The amount of training delivered to employees of subsidiaries and affiliates totalled 43,000

person-courses in an asynchronous format (remote learning) and 5,300 person-courses in a synchronous format (studying with a trainer).

Rostelecom's training team shares best practices with colleagues from subsidiaries and affiliates. In 2022, the Knowledge Management Department organised a conference involving subsidiaries and affiliates to share best practices in employee development. Best-practise sharing with subsidiaries and affiliates will continue in 2023.

Investment in employee training

In 2022, Rostelecom invested over RUB 456 million in employee training.

The average number of training hours per Rostelecom employee was 32.2 hours in 2022, with the total number of training hours at 2,596 and training costs per employee at RUB 5,650.

PJSC Rostelecom’s employee training costs

	2019	2020	2021	2022
Total employee training costs, RUB m	575.4	442.5	478.5	456.0
Annual training costs per employee, RUB thousand	5.5	5.0	5.5	5.7
Total training time, thousand hours	2,089	3,287	3,304	2,596
Average training time per employee, hours	31.1	31.3	31.5	32.2

Employee training effectiveness evaluation

The Knowledge Management Department regularly assesses the effectiveness of employee training and analyses the amount and coverage of employee training, participation in optional training offered by the Corporate Online University, NPS of training programmes and their practical applicability, the quality of training programmes, and trainers’ performance as well as business performance trends for training participants before and after the programmes. In this way, the Company can enhance the quality of training and the effectiveness of knowledge management.

Net promoter score (NPS) in 2022:

- 92 – for online programmes
- 80 – for courses at the Corporate Online University
- 80 – for synchronous learning (online with a trainer)

Evaluation and career development

In 2022, the Employee Evaluation and Career Development Department continued to introduce and promote competency assessment and development tools (360-degree review, competency model, tests, questionnaires, etc.) as well as implement projects to assess the teams’ capabilities and work out career development programmes (career paths).

Key objectives for 2022:

- Support organisational changes in the Company and improve collaboration within new teams by identifying employees with strong corporate skills and offering development recommendations
- Increase the effectiveness of development programmes by embedding skill diagnostics into the selection or pre-training stage
- Improve employee experience as regards corporate skill development

Progress in 2022:

- Over 150 skill diagnostic requests from managers were fulfilled: more than 3,000 employees were evaluated and received development recommendations
- Turnaround time for a 360-degree survey was cut by two-thirds

Key findings about employees:

- They are interested in real-time feedback services
- They are willing to build a cross-functional career
- Employees who have pet projects¹ that they work on in their spare time have a faster career progression

¹ Pet projects – employees’ own projects aimed primarily at self-development.

Number of employees evaluated

Employee category	2021		2022	
	M	W	M	W
Top managers	220	41	52	25
Managers	908	435	813	395
White-collar employees	1,053	756	472	804
Blue-collar employees	0	0	2	0

Rostelecom’s Corporate Online University

The **Corporate Online University** is a platform for the Rostelecom team’s professional and personal development, offering hundreds of hours of training content in different formats: from a conventional lecture or webinar to interactive simulators and chatbots. The courses on offer range from soft and hard skills to digital skills to general training.

The University also means a large team of managers, methodologists, internal trainers, instructional designers, and developers who make in-house training better while making employees’ lives easier.

Progress in 2022:

- 180 new online courses and programmes were created
- 13 open online training programmes were delivered
- 112 online broadcasts were held and more than 106 hours of training content were recorded
- A training project, The Evolution of Telecom: How It’s All Connected, was launched: the Corporate Online University published 10 courses and put together a training programme. In total, the project courses were taken more than 44 thousand times. In December, the programme was made available to external users as a special project with RBC at <https://telecom-metropolis.rbc.ru/> (in Russian)
- The architecture of the Corporate Online University was changed to enable employees to use the platform from any device without remote access tools. The new architecture also allowed employees of subsidiaries and affiliates to get connected to the platform and have access to its content
- A technical solution for tracks was implemented (tracks represent a new training format that includes both independent study of materials and extensive practice together with colleagues)

Key findings about employees:

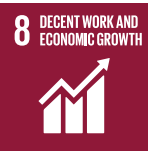
- There is a growing demand for hybrid learning (offline and online)
- Demand for online courses in functional areas has grown, including information on business processes, roles, working with systems, etc.
- The number of requests for materials dealing with stress and anxiety management has increased

Online Lectorium and Development Environment digest newsletter

Along with courses and programmes, the Corporate Online University features Rostelecom’s online lecture hall and the Development Environment digest newsletter.

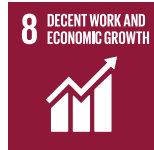
In 2022, the online lecture platform offered 13 lectures on stress management, building a human-centred company, recognising toxic workplace behaviour, etc. The average NPS of the lectures was 89 points.

The Development Environment weekly newsletter produced by the training team features useful business practices and approaches as well as business-related trends, concepts, and methodologies. In 2022, 50 digest newsletters were issued.



900

courses are now available at the Corporate Online University



600

employees received professional retraining diplomas from HSE University

Management skill building programmes

Rostelecom develops the management skills of current and future managers, as they will drive individual and corporate performance.

Progress in 2022:

- The fifth stream of the iMBA: Skills of a Digital Company Leader federal programme was completed. 600 students received professional retraining diplomas from National Research University Higher School of Economics
- The Leader's Trajectory, a project to develop directors of service centres at the Technical Infrastructure Unit, was launched, with the number of participants exceeding 500. The programme's NPS was 100 points, and its practical applicability scored 4.89 out of 5
- A Change Management programme with international Prosci certification was delivered. 40 managers took the training, and the project's NPS was 99 points
- An off-site programme for managers, Lead Camp. Neuroeconomics: Managerial Decision-Making, was run. The programme covered 29 participants, and the project's NPS was 96 points
- Two streams of the Leadership Blueprint programme were completed, and the third one was launched. The project's NPS was 100 points
- Strategy Accelerator, a follow-up of the Director and Team programme for top performing teams from regional branches, was launched. The first in-person intensive training within the project and a series of round tables devoted to products of subsidiaries and affiliates covered 68 participants. The programme's NPS was 71 points while the overall organisation and support throughout the training scored 4.9 out of 5

Key findings about employees:

- Business segments are interested in developing soft skills to achieve units' business goals
- The most popular skills to be developed were customer-centricity, interaction, and team management

Development of employees' soft skills

In 2022, Rostelecom started using in-depth research into the needs of the target audience to develop employees' soft skills.

Before each project launch, we studied the target audience: personal traits and values, attitudes towards technology, studies, the Company, etc. This method helped us understand user needs better and customise training formats to match them. For example, the Sales Campus commercial segment training project developed characters to narrate content: an expert, a customer, and an assistant (a chatbot to help with practice and check homework).

In 2022, Rostelecom developed the methodology and content for 10 soft skill tracks at the Corporate Online University, including the track on customer-centricity, the Team Development track, and the Ideas for People: Design Thinking workshop.

Where no ready-made company-wide solutions are available, project managers address the requests of regional teams. In 2022, over 50 training projects were developed, covering more than 3,500 employees. The projects used learning tools such as skill diagnostics, coaching, team development tools, and individual support for leaders and participants.

2,500

employees are trained by each trainer



Professional skill building programmes

Rostelecom has been consistently developing the professional skills of employees and ensuring a systematic approach to training tailored to the business requirements of each unit.

Training in Law 44-FZ programme

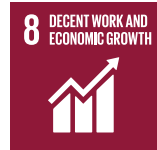
In 2022, 966 employees were trained under the Contracting under Law No. 44-FZ. Procedures. Features. Risks internal professional development programme and received standard professional development certificates issued by PJSC Rostelecom. The programme explains the entire process of entering into and executing contracts under Federal Law No. 44-FZ, On the Contract System of the Federal and Municipal Procurement of Goods, Works and Services, dated 5 April 2013. The programme is geared towards PJSC Rostelecom's work on state-funded projects.

Digital skill building programmes

To develop employees' digital skills, Rostelecom offers a number of programmes on digital economy technologies and trends as well as the main programming languages.

In 2022, Rostelecom collaborated with MIPT and Innopolis University to run 13 training streams aimed at professional development and retraining on topics including Python for Aspiring and Advanced Professionals, SQL for Aspiring and Advanced Professionals, System Analyst, and Big Data – Apache Hadoop Expert. Over 800 employees successfully completed the training and received professional development certificates.

Along with retraining programmes, the Company implemented digital literacy programmes for employees, including Excel Software, Data Processing, Data Visualization, Data-Driven Decision Making, and Digital Etiquette, covering over 7,000 employees.



Developing employees' professional expertise

Top external specialists and Rostelecom's in-house trainers and experts are engaged to develop employees' professional expertise.

The development of each business segment and the technical team is driven by newly established training departments within the centre of excellence, training offices, and the Knowledge Management Department team.

Training at the Technical Infrastructure Unit

In 2022, training delivered to Technical Infrastructure Unit employee focused on two aspects: the quality of installation and disaster recovery operations, and the execution of the sales plan by the technical team.

Progress in 2022:

- The skills level of Technical Infrastructure Unit managers was raised
- An onboarding process was introduced with trainers supporting at least 95 % of new hires
- Over 3,500 employees were covered by maintenance learning
- The effectiveness of maintenance learning was 65 %
- 56 online courses were launched to train Technical Infrastructure Unit employees, along with 19 lab classes

B2B Training Office

The B2B and B2G Training Office is responsible for spearheading the B2B, B2G, and B2G2 segment training.

In 2022, the B2B and B2G Training Office focused on developing the SME training system, the unified centre of excellence (UCE), and the Key Corporate Customer Relations Unit.

The following efforts were made as part of the SME training system development:

- Onboarding activities for new employees were finalised (welcome webinar and induction meeting with a trainer)
- New training formats were tested: negotiation contests in three channels
- A regular training programme to improve the quality of sales to target bases was launched

As part of the UCE development:

- A comprehensive training programme to develop the skills prioritised by the UCE was developed and implemented
- A training programme for UCE team leaders, aimed at developing distributed team management and change management skills, was implemented
- Engagement with the I Know.UCE community, where employees can learn all about the UCE-based training system, was streamlined
- A training programme to develop change management and cross-functional interaction skills was conducted for the UCE of the Department of Sales to National Customers

As part of key corporate customer relations:

- Industry without Borders, an educational track to develop industry expertise, comprising courses, webinars, master classes, coach sessions, and project defence was implemented
- performance appraisal of new employees of the key corporate customer (3C) relations segment was piloted
- Career paths for segment employees were created
- Engagement with the 3C Academy community, where employees can learn all about the UCE-based training system, was streamlined

Employee training in the B2C segment

The Mass Segment Training Department is engaged on two fronts:

- Training and development of sales channel teams
- Training and development of the customer service team

Training of the customer service team

Efforts in this area are aimed at improving the performance of customer service employees through systematic development of soft skills as well as at improving employee performance against set metrics (quality control results, service speed, NPS, and customer experience).

Progress in 2022:

- A single primary training track for B2C customer service employees was developed and launched, covering over 1,500 (90 %) new employee hires
- Federal matrices were developed and introduced across all focus areas of the Loyalty centre of excellence
- A transparent process of training, planning, and analytics was set up for employees and managers Open meetings of the training team and business-function employees are held as well as regular monthly meetings with project managers in specific areas. A process is in place to compile a list of training groups
- A training dashboard was developed for customer service managers, available to all managers as well as to adjacent functions
- A transparent process for planning, gathering requirements, and providing training analytics was set up

- New training content was developed taking into account departments' specifics and employee persona models 90 % of workshop content was produced: 49 training programmes and 10 online courses to match the training matrices
- A process ensuring effective communication between the training team and business functions as well as the training team and the quality control service is in place. Trainers regularly attend meetings organised by the quality control team, study audit reports, and hold roundtable discussions with quality control employees. These activities increased employee checklist scores by 3 % to 15 % on average
- 2.8 workshops with a trainer per B2C customer service employee are delivered
- B2C employee engagement increased by 2022-end, with employees attending training sessions three times a year on average. Plans for 2023 include further efforts to build a learning culture in customer service

The main objective of the Mass Segment Training Department is to improve salesforce performance through systematic skill development.

Employee training in the B2O segment

B2O is a segment serving telecom operators. Its products are integrated technology solutions, whose sale involves long negotiations and collaboration with the customer.

Key training results in the B2O segment in 2022:

- A training track devoted to B2O products was launched, comprising 10 courses and 19 hours of training. The training was supported by Product.Vision experts. A total of 148 employees successfully completed the track
- Soft skills development tracks for B2O managers were launched; the project's NPS was 90 points
- 96 % of employees in the B2O segment are covered by training

Training and development of sales channel teams

Efforts in this area are aimed at improving the performance of B2C sales units through systematic development of employees' skills and their training in B2C products, sales skills, and Rostelecom's service standards.

Progress in 2022:

- 35+ thousand person-courses – the amount of training with a trainer at B2C sales units
- The practical applicability of training scored 4.8 points out of 5
- A B2C sales training dashboard was implemented, enabling sales managers to analyse training results and effectiveness
- A uniform approach to planning B2C training across the country was introduced A single template for planning training for sales managers was developed
- A single federal catalogue of B2C training programmes was compiled, comprising workshops with a trainer and courses at the Corporate Online University
- Uniform training matrices for B2C sales channels were introduced to determine the training required for an employee in a particular sales channel to enter an apprenticeship and start working
- The shift to targeted training only covered those employees who needed it
- B2C training moved to the Corporate Online University: 11,108 employees were transferred
- The proportion of employees who undergo unified federal certification for B2C sales channels increased from 40 % at the time it was introduced to over 80 % at the end of 2022. Our employees pass the certification successfully, solidifying product knowledge and relieving the burden of mandatory training

88 %

**IS INVOLVED IN OPTIONAL TRAINING
AT THE CORPORATE ONLINE UNIVERSITY**

Cooperation with the public education system



Rostelecom Group is focused on attracting, retaining, and developing top young talent.

We are building a pool of activities and programmes with educational organisations at various levels and approach this task in a systematic and strategic way. Our formats for academia engagement include career and professional events, strategic partnerships, mentoring programmes, feedback culture development, and providing access to the Company for talented high-school and university students through internships and work placements at Rostelecom.

Expanding partnerships in education and science

Rostelecom continued to engage with academia in 2022, expanding its brand footprint and boosting its expert contributions to platforms run by various organisations.

In 2022, 25 leading Russian higher education institutions (HEIs) became strategic partners of Rostelecom in its educational and research projects and initiatives.

Key implemented projects included online and offline career events, HR-hopping events, career debates, Company days, hackathons, case championships, virtual tours, and master classes. In 2022, Rostelecom engaged in a number of federal partnerships, including collaboration with the Association of Career Centres and the Junior Start federal project for school and university students. Rostelecom regularly provides not only methodological but also expert support to training programmes.

In a number of HEIs, Rostelecom supports certain educational programmes and holds regular cybersecurity events for students, including lectures by Rostelecom employees.

Engaging school students

Rostelecom's engagement with secondary school students enables considered career guidance, building employer brand loyalty among young people, involving school students in vocational training, and improving their future employability.

In 2022, Rostelecom experts continued engaging with school students, developing and using new formats for career guidance, and holding interactive and career events.

IT College

Rostelecom and its partners continued their joint project, Rostelecom IT College, to involve the Moscow Region college students in the technology-driven IT agenda.

In 2022, joint educational and career events were organised for secondary vocational education institutions as part of the IT College project, with Rostelecom employees involved as mentors and educational process experts.

Rostelecom teamed up with its partners to hold an information security competition for school students under the Kruzhok movement of the National Technology Initiative. The competition is included in the list of the Russian Schoolchildren Olympiads Council, with winners and runners-up credited 100 points on their Unified State Examination in computer science or receiving unconditional offers from Russia's leading universities. The project helps provide early career guidance to the participants and builds a scientific and technical student pool with strong potential.

In 2022, the Company continued to sponsor the Information Security competitions, with CTF qualifiers held for more than 7,000 participants. A special feature of the 2022 tasks was problems in web application security, reverse engineering and virus analysis, digital forensics, binary vulnerability detection, secure development, and information security system design.

Key goals of Rostelecom's engagement with academia for 2023:

- Become part of the national education agenda through integration into federal and local events
- Structure and scale the academia engagement process
- Increase focus on interactive career-guidance, career and professional events involving the Company's key executives and experts, including participants of the Rostelecom Experts programme

Engaging with students

Rostelecom holds regular events involving HEIs, students, and their associations to select promising young talent for employment by the Company, helps students to learn about Rostelecom activities, supports student events, conferences and forums, and organises contests and hackathons.

In 2022, Rostelecom continued systematic work with higher education institutions and the student community.

The more important projects and initiatives include the following:

- Higher School of Career project in cooperation with the Federal Agency for Youth Affairs (Rosmolodezh)
- Partnership between Rostelecom and the I Am a Professional olympiad, which resulted in a series of educational and career events for the olympiad's wide student audience
- Partnership with the Digital Breakthrough competition, with Rostelecom supporting a series of hackathons and events. The Company took part in two hackathons where participants solved cases offered by Rostelecom in the Artificial Intelligence section. More than 4,000 participants registered for Digital Breakthrough hackathons in 2022
- In 2022, Rostelecom took part in two career events organised by FutureToday in Moscow and Saint Petersburg. The events attracted over 1,000 students who participated in various activities organised by Rostelecom

¹ Capture the Flag – a team hacking competition, the main goal of which is to capture the opponent team's "flag".

4.2.6. ENSURING WORKPLACE SAFETY

Rostelecom prioritises employee workplace safety.

The Company invests in building a strong safety culture by creating the safest and most comfortable working conditions, encourages ownership of health and safety issues at work, delivers training, and adopts international best practices in health and safety. Each of Group subsidiaries and affiliates has its own internal standards on health and safety based on PJSC Rostelecom's similar regulations.

Approach to providing safe working conditions

The Company's key goals and principles in health and safety are set forth in its HSE and Fire Safety Policy. No amendments were made to the Policy in 2022.

Rostelecom has set itself the following strategic objectives:

- Safeguard employee life and health at work, minimise work-related hazards, and prevent fatalities and disabling injuries
- Reduce the risk of work-related injuries, accidents and incidents at hazardous facilities, and fires
- Maintain a healthy environment for employees and local communities over the long term
- Build a good reputation as a social actor committed to providing safe working conditions and protecting the environment

The Health and Safety Department at Rostelecom Headquarters is charged with overall coordination of Occupational Health Management System (OHMS) activities. Branches, subsidiaries, and affiliates have health and safety functions charged with the enforcement of the Occupational Health and Industrial Safety Policy, legal compliance, injury prevention, and building a strong safety culture.

In 2022, the Occupational Health Department implemented two OHMS regulations in regional branches:

- Regulations on Organising Occupational Safety Training and On Testing the Knowledge of Occupational Safety Requirements at PJSC Rostelecom
- Regulations on the Procedure for Mandatory Preliminary and Periodic Medical Examinations of Employees at PJSC Rostelecom

Percentage compliance with the above standards was evaluated quarterly against checklists at each branch.

In December 2022, the Occupational Health Department developed and approved the Regulations on Monitoring the OHMS Operation and Implementation of OHMS Measures at PJSC Rostelecom, to be put into effect in 2023.

Vision Zero concept

Since 2019, Rostelecom has been implementing the principles of Vision Zero – a global zero injury rate initiative focused on three areas: safety, occupational hygiene, and employee well-being at all levels of operations. In 2022, the Group continued to roll out Vision Zero, focusing on driving leadership in occupational health and safety among managers as well as workplace safety across its facilities.

For more details on Rostelecom's approaches to the OHMS performance evaluation, see Rostelecom's Sustainability Report 2019.



OHMS performance evaluation

At the level of the Group's business units, subsidiaries, and affiliates, OHMS performance is evaluated by the occupational health teams of respective entities. Branches use a four-tiered control system to review the OHMS performance, whereby the dedicated commissions include Rostelecom managers and trade union representatives with due authority in health and safety matters. Furthermore, the Occupational Health Department of Rostelecom's Headquarters runs annual inspections of regional branches to look into OHS practices.

In 2022, the Occupational Health Department automated the records of tier 3 audits at branches where branch-level technical directors are responsible for occupational health.

2022 saw more than 2,220 audits, which identified over 22,800 breaches.

In 2021, the Occupational Health Department completed 65 OHMS performance audits, reporting more than 1,200 breaches. All 65 branches were audited in 2022 using the four-tiered control system. The top 3 most frequently identified gaps included non-compliance of document management with local regulations, flaws in workplace maintenance, and issues related to mandatory employee training.

The audit results were reviewed by the top management and at meetings of the Senior Vice President for Technical Infrastructure with technical directors of branches. For each of the identified gaps, corrective actions were developed to remedy them and avoid these issues in the future.

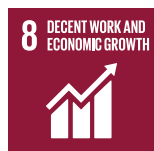
Occupational health and safety management by contractors

Rostelecom's health and safety rules and requirements also apply to contractor employees.

The following documents apply to contractors and seconded staff:

- Instruction on the Procedure for the Admission of Third-Party Specialists and Seconded Staff of Rostelecom to Work at Rostelecom Facilities
- Methodology to Verify Compliance with Occupational Safety Requirements for the Admission of Third-Party Employees and Seconded Staff of Rostelecom to Work at Rostelecom Facilities

Before starting any work at PJSC Rostelecom's facilities, contractor employees undergo a health and safety induction from the Occupational Health Department.



GRI
(403-1)

GRI
(403-4)

2,220

audits identified
over 22,800 breaches
in 2022

GRI
(403-3)

GRI
(403-7)

Workplace injury prevention

Rostelecom creates secure, safe, and comfortable work conditions. The Company conducts relevant training, medical examinations, workplace assessments, and other scheduled activities every year to ensure the safety of employees doing hazardous work, including the installation, operation, and maintenance of towers and base stations.

In 2022, the Company spent RUB 624 million on PPE (safety workwear and footwear, and other personal protective equipment).

Rostelecom Group’s spending on occupational health and safety, RUB m

	2019	2020	2021	2022
Spending on occupational health ¹	834.8	1,864.5	1,589.6	934.5



Occupational health training

Rostelecom is focused on improving employee knowledge and skills in occupational health and safety. All categories of staff take health and safety training.

In 2022, Rostelecom delivered training in the following areas:

- For all technical directors of branches and managers at the Technical Infrastructure Unit of the Headquarters – The Manager’s Role and Responsibility in Occupational Health. Leadership in Occupational Health
- For managers and specialists at the Occupational Health Department of the Headquarters and OHS departments of branches – The Manager’s Role and Responsibility in Occupational Health. Leadership in Occupational Health
- For more than 200 technical leaders and specialists – Safe Work Under a Work Permit
- For more than 160 technical leaders and specialists – Occupational Risk Management

Employees involved in tower installation and maintenance did mandatory training in electrical safety and safe work at height and also learned first-aid methods, procedure for safe work in enclosed or confined spaces, key occupational health requirements, and rules for using personal protective equipment.

In 2022, more than 60 thousand Rostelecom employees were covered by occupational health training.

GRI
(403-2)

GRI
(403-9)

GRI
(403-10)

Rate of work-related injuries

In 2022, no occupational diseases were diagnosed in Rostelecom employees.

During the year, there were 30 work-related injuries, down 15 % from 2021 (35 injuries). In 2022, there was one fatal workplace accident to an employee who fell from standing height when walking around the site. The most common causes of injuries were falls from ladders, including stepladders, falls from poles, and from standing height (70 %).

In 2022, the Company investigated all employee injuries, identified their causes, and defined corrective actions. We prepared semi-annual and annual reports on the injuries and circulated letters specifying measures to avoid similar incidents in the future.

Work-related injuries at PJSC Rostelecom

	2019	2020	2021	2022
Number of work-related injuries	47	40	35	30
Including:				
• high-consequence injuries	10	8	7	8
• fatalities	3	0	3	1
Breakdown by gender:				
• injured women	5	5	7	3
• injured men	42	35	28	27
Rate of work-related injuries per 1,000 employees	0.44	0.38	0.33	0.31
Rate of work-related fatalities per 1,000 employees	0.01	0	0.03	0.01
Lost time accident days	2,199	2,094	3,251	2,711

The rate of work-related injuries at PJSC Rostelecom stood at 0.31 in 2022. The total number of accidents decreased by 15 % year-on-year, driven by stronger culture of awareness and safe behaviour in the workplace and best practice adoption.

¹ The 2019–2022 indicators presented in the table include data for PJSC Rostelecom and the Group’s subsidiaries and affiliates. Headcount-wise, this perimeter covers 100 % of the entire Group.

05 G — GOVERNANCE



5.1. Corporate governance

Sound governance enables accurately defining the Company's goals and the means to achieve them as well as ensuring that shareholders have effective control over the Company's business. Rostelecom's corporate governance system meets the best international and Russian practice standards. The three-tier governance model provides the three lines of defence to ensure the safety and effective use of funds provided by shareholders. Moreover, this model is aimed at reducing risks that cannot be assessed by investors.

5.1.1. CORPORATE GOVERNANCE SYSTEM

Principle

- Balance between the interests of shareholders, management, and stakeholders
- Equal treatment of all shareholders and protection of their rights
- Accountability of the Board of Directors, the President, and the Management Board to shareholders
- Informational and financial transparency

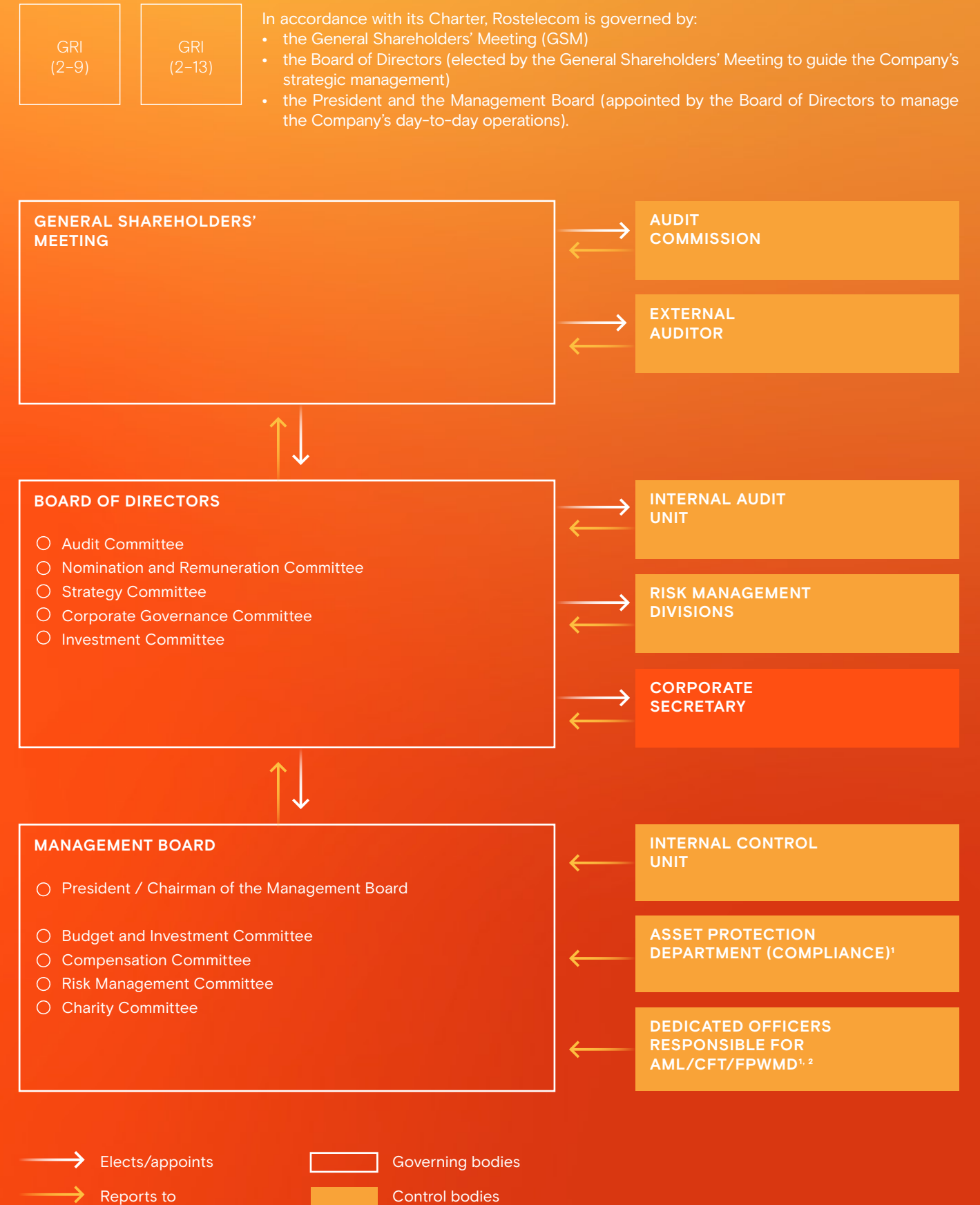
Priority

- Focus on stakeholder interests and relations
- Compliance with the business conduct and ethics
- Timely and accurate disclosures
- Corporate social responsibility

Enhancement focus

- Continuous advancement of internal controls and audit
- Continuous improvement of corporate governance practices
- Development of electronic services that enable shareholders to exercise their rights productively
- Upgrade of the IT system that automates the Management Board and committees' processes

PJSC Rostelecom's corporate governance structure



¹ For more details, see the Corporate Governance: Anti-corruption and Procurement section.

² Dedicated officials responsible for the implementation of internal controls to counter the legalisation (laundering) of proceeds of crime, the financing of terrorism and the financing of the proliferation of weapons of mass destruction.

Key policies

PJSC Rostelecom has in place 22 policies and internal regulations governing its corporate governance system. In 2022 and early 2023, 11 of them were revised.

Key corporate governance policies of PJSC Rostelecom¹

Document	Last effective date
Charter	30 June 2022
Regulations on the General Shareholders' Meeting	30 June 2022
Regulations on the Audit Commission	30 June 2022
Regulations on the Board of Directors	30 June 2022
Regulations on the President	30 June 2022
Regulations on the Management Board	30 June 2022
Corporate Governance Code	27 December 2007
Code of Ethics	15 October 2019
Anti-corruption Policy	6 December 2019
Internal Audit Policy	26 April 2019
Regulations on Internal Audit	23 December 2022
Regulations on Addressing Reports Submitted via the Ethics Hotline	29 June 2020
Risk Management Policy	25 June 2021
Regulations on the Integrated Risk Management System	19 April 2022
Internal Control Management Policy	23 September 2022
Procedure for Implementing, Maintaining and Developing the Internal Control System	26 December 2022
Environmental Policy	2 April 2019
Information Disclosure Policy	30 September 2015
Dividend Policy	19 April 2021
Policy of Access to Insider Information	31 January 2023
Regulations on Receiving, Reviewing, and Retaining Complaints and Claims Related to Accounting, the Accounting Internal Control Procedures, Fraud, Audit Examinations, and the Code of Ethics Compliance	2 October 2008
Regulations on the Corporate Secretary and the Corporate Secretary's Office	13 September 2019

¹ www.company.rtr.ru/en/ir/corporate_governance/docs/.

Management of subsidiaries and affiliates



Rostelecom Group comprises PJSC Rostelecom, its subsidiaries, and affiliates. As of 31 December 2022, the Group included 217 subsidiaries and affiliates.¹

The Company views its subsidiaries and affiliates as a major growth point for its business, building digital clusters for new strategic initiatives, which comprise several subsidiaries or affiliates operating in interrelated areas. The year of 2022 saw the Data Centres, Cloud Services, and Information Security clusters fully take shape. The Company continued its efforts to build the Digital Region, Public Sector Digital Services and Products, and Digital Healthcare clusters as well as streamline its group ownership structure and update its corporate documents. Rostelecom interacts with the parent company of each cluster, which is responsible for engaging with, and managing, other companies within the business segment. Rostelecom retains its Group-wide supervisory and monitoring function.

Approaches to corporate governance based on the interest in subsidiaries and affiliates

Minority interest	Interest < 50 %	Interest > 50 %
Participation in general shareholders' meetings, protection of Rostelecom rights as a shareholder	Governance aligned with the shareholders' agreement in place to ensure: <ul style="list-style-type: none">• nominations by Rostelecom for top management positions• participation in the proceedings of the Board of Directors and control bodies• outsourcing of support functions (as agreed with the partner)	Integration into Rostelecom's corporate governance framework and culture, including: <ul style="list-style-type: none">• building a unified corporate governance model for subsidiaries and affiliates• appointing sole executive bodies and most representatives in the subsidiaries' and affiliates' collective governing and control bodies• a unified financial planning and treasury system• outsourcing of support functions• a unified approach to business standards and key internal regulations

¹ See the full list in Appendix 5, Information on Rostelecom's Participations in Business Entities and Non-profit Organisations, to this Annual Report: www.company.rtr.ru/ir/agm/files/2022/Appendix_5_to_annual_report_2022_rus.pdf.

Governance principles at the subsidiaries and affiliates

Proportionality and transparency

Governance tools should be appropriate to the scale and objectives of the subsidiaries and affiliates and should be straightforward and understandable to employees.

Consistency and holistic approach

Governance tools at the subsidiaries and affiliates should allow the use of systems analysis and synthesis in every decision made by the management and should cover all aspects of the subsidiary's or affiliate's activities. Relations within the Group should be built on the principles of mutually beneficial cooperation.

Efficiency and effectiveness

Unprofitable subsidiaries and affiliates are liquidated, or measures are undertaken to boost their performance. Governance tools should be easy to integrate into the existing information systems. Information flows should meet the principle of minimal sufficiency.

Compliance

Governance tools and decisions should comply with the laws of Russia and other countries where the subsidiary or affiliate operates. Particular attention should be paid to compliance with anti-corruption laws.

Collective decision-making and sole responsibility of the leadership

Rostelecom participates in the appointment of CEOs and board members at the subsidiaries and affiliates. The Company divisions provide analytical support to Rostelecom-nominated elected board members at the subsidiaries and affiliates.

Delegation of powers, centralisation and decentralisation of leadership functions, limitation of authority, and performance accountability for heads of subsidiaries and affiliates

The heads of the subsidiaries and affiliates are responsible and accountable for the operations of their respective subsidiary or affiliate. The constituent documents of the subsidiaries and affiliates set transaction limits beyond which heads of entities may not enter into transactions independently or dispose of, or encumber, property of their respective subsidiaries and affiliates.

Priority of governance functions over the structure for newly-established subsidiaries or affiliates and priority of structure over governance functions in the existing subsidiaries and affiliates

When establishing or acquiring companies, Rostelecom introduces governance and control systems across its subsidiaries and affiliates as quickly as possible. As these institutions are formed, the entire governance framework and the structure of the subsidiaries and affiliates are optimised.

Feedback

We leverage feedback from our subsidiaries and affiliates to better related governance and control tools.

Motivation to achieve goals and objectives

Managers and employees across subsidiaries and affiliates should be motivated by incentives for achieving targets set for their respective subsidiaries and affiliates. Incentives for Rostelecom employees responsible for the subsidiaries and affiliates should factor in the achievement of strategic goals set for the respective subsidiaries and affiliates.

Creating a corporate collaboration environment

Development and implementation of methodologies and procedures governing the coordination of information and material flows in relation with the subsidiaries and affiliates.

Participation of Rostelecom's Board of Directors and Management Board in the management of subsidiaries and affiliates

Rostelecom's Board of Directors determines the Company's position on:

- the participation and termination of Rostelecom's participation in other business entities (except where such participation terminates following the entity's liquidation or reorganisation by the decision of its management body or a court)
- changing Rostelecom's ownership interest in a business entity (except where such ownership changes follow the entity's liquidation or reorganisation by the decision of its management body or a court)
- the matters reviewed by the subsidiaries' and affiliates' governing bodies with regard to acquiring shares (interests) in other business entities, including upon their establishment, where the price of the transaction equals or exceeds 15% of the book value of the assets held by such a subsidiary or an affiliate determined by reference to its accounting (financial) statements as of the most recent reporting date, except where the price of the transaction does not exceed 0.5% of the book value of Rostelecom's assets determined by reference to its accounting (financial) statements as of the most recent reporting date
- the matters reviewed by the subsidiaries' and affiliates' governing bodies with regard to the acquisition or disposal of Rostelecom shares held by them.

Rostelecom's Management Board determines the Company's position on:

- the proposals to change the nominal value of the interest, the number and the nominal value of the shares held by Rostelecom in a business entity, where such a change is effected without changing the size of Rostelecom's ownership interest in the business entity
- the matters put forward to vote and concerning the jurisdiction of the general meeting of the participants of a business entity where Rostelecom holds an ownership interest, the proposals to terminate Rostelecom's participation in the entity, change the size of its ownership interest, its nominal value, the number and the nominal value of the shares held by Rostelecom
- the matters referred to the jurisdiction of the subsidiaries' and affiliates' general meetings of the participants (the supreme governing bodies of the business entities with a different legal structure) where Rostelecom acts as the sole participant.

Forming boards of directors at subsidiaries and affiliates

Candidates to the boards of directors of the subsidiaries and affiliates are selected based on the principles of overall competence, balance of skills and experience, succession planning, and compliance with legal requirements.

Key improvements in 2022

Over 2022, the Company advanced its service offered to shareholders calling on the dedicated hotline at 8 800 100 1666. The process was successfully scripted, which improved the quality of advice. On top of this, an IVR¹ platform was implemented to quickly process incoming calls without involving an operator and effectively route internal calls and calls addressed to VTB Registrar.

¹ Interactive voice response.
² Affirmed in February 2022.

Corporate governance level

Corporate governance rating assigned by the Russian Institute of Directors:² 7++ – advanced corporate governance practice.

7++

Compliance with the Corporate Governance Code¹

Code section	Full compliance					Partial compliance					Non-compliance					Total number of principles under each section of the Code
	2018	2019	2020	2021	2022	2018	2019	2020	2021	2022	2018	2019	2020	2021	2022	
Rights and equal opportunities for shareholders in exercising their rights	12	12	13	13	13	1	1	–	–	–	–	–	–	–	–	13
Board of Directors	32	32	32	32	32	4	4	4	4	4	–	–	–	–	–	36
Corporate Secretary	2	2	2	2	1	–	–	–	–	–	–	–	–	–	1	2
Remuneration system for Board members, executive bodies and other key executives	8	8	8	9	9	2	2	2	1	1	–	–	–	–	–	10
Risk management and internal control system	6	6	6	6	6	–	–	–	–	–	–	–	–	–	–	6
Company disclosures and information policy	6	6	7	6	4	1	1	–	1	3	–	–	–	–	–	7
Material corporate actions	3	3	4	4	4	2	2	1	1	1	–	–	–	–	–	5
Total	69	69	72	72	69	10	10	7	7	9	–	–	–	–	1	79

Improvement plans

Rostelecom will continue to update its corporate governance system. In particular, plans for 2023 include further development and expansion of the digital services and the remote communication channels for shareholders to facilitate their access to rights, subject to all applicable legal requirements.

¹ For 2018–2020 – based on the methodology recommended by the Bank of Russia's Letter No. IN-06-52/8 dated 17 February 2016, and for 2021–2022 – by Letter No. IN-06-28/102 dated 27 December 2016. For more details, see Appendix 1, Report on Compliance with the Corporate Governance Code Recommended by the Bank of Russia, to this Annual Report: www.company.ru/en/ir/agm/files/2022/Appendix_1_to_annual_report_2022_eng.pdf.

5.1.2. GOVERNING BODIES

General Shareholders' Meeting

The General Shareholders' Meeting (GSM) is the Company's supreme governing body. Its proceedings are regulated by the Russian laws, Rostelecom's Charter,¹ and the Regulations on the General Shareholders' Meeting.²

Throughout 2022, Rostelecom's Annual General Shareholders' Meeting³ was held on 30 June with no Extraordinary General Shareholders' Meetings taking place during the period.

Number of participants in Annual General Shareholders' Meetings

	AGSM ⁴ -2020	AGSM-2021	AGSM-2022
Paper ballots	9	10	7
E-proxy voting (ISO – via a depository)	42	35	13
E-voting system by VTB Registrar ⁵	1,848	1,928	1,938
E-voting system by NSD ⁶	162	279	411
Total	2,061	2,252	2,369

¹ New version No. 22 was approved by the Company's AGSM on 30 June 2022 (Minutes No. 1 dated 1 July 2022). The full text of the new version is available at: www.company.ru/en/ir/corporate_governance/docs/.

² New version No. 12 was approved by the Company's AGSM on 30 June 2022 (Minutes No. 1 dated 1 July 2022). The full text of the new version is available at: www.company.ru/en/ir/corporate_governance/docs/.

³ The Voting Report dated 1 July 2022 is available at: www.company.ru/en/ir/agm/events/gosa/detail/2022/.

⁴ Annual General Shareholders' Meeting.

⁵ pos.vtbreg.ru/.

⁶ www.e-vote.ru/en/.

Board of Directors

The Board of Directors is a collective governing body responsible for the Company's development strategy and general management. The powers of the Board are detailed in the Charter and the Regulations on the Board of Directors.¹

Evaluation of the Board of Directors' performance²

In early 2022, VTB Registrar, an independent consultancy, evaluated the overall performance of the Board of Directors for the year 2021 as well as the performance of its committees and each Board member, including the Board Chairman. The weighted average score of the Board of Directors was 5 out of 5. The consultancy noted the balanced composition of the Board and the sound performance of the Board and its committees.

Based on the evaluation results, it was recommended to additionally focus on import substitution and cybersecurity issues as well as the risk management system as a whole.

In February 2023, the Board conducted its self-evaluation for the year 2022 as well as the performance evaluation of its committees and individual Board members, including the Board Chairman. Based on the results of the individual evaluation and following the analysis of the Board members' performance against all applicable criteria, all of them scored the maximum number of points.

The Board of Directors recommended that the Company maintain its traditional quality and a high level of corporate, strategic, and operational management amidst economic uncertainty and a sanctions pressure, including the continued practice of appointing a sufficient number of independent directors to ensure a balanced composition of the Board of Directors to take into account the interests of all groups of the Company's shareholders.

The Board of Directors also recommended that the Company explore the advisability of further strengthening its market positions in the key growth areas set out in the Company's strategy for 2021–2025, including through M&A.

Induction of Board members

The onboarding system and the induction programmes are a vital part of the Board's effective performance.

As part of the onboarding procedures, new members of Rostelecom's Board of Directors are invited to read all of the Company's internal regulations governing the proceedings of the Board and meet the members of the Management Board as well as the internal and external auditors.

At the first meeting of the new Board of Directors, the President briefs the new Board members on Rostelecom's strategy and business as well as on key projects implemented by the Company or scheduled for the coming corporate year.

Requirements for nominees to the Board of Directors

When selecting nominees to the Board of Directors, Rostelecom is guided by the Russian and international corporate governance standards. The Company strives to compose the Board of Directors in such a way that it is able to make fair and independent judgements and adopt all appropriate corporate resolutions in a timely and effective manner.

Board nominees must have an impeccable business and personal reputation as well as the professional qualifications necessary for the efficient decision-making by the Board and must not raise any doubt as to whether they will act in the interests of the Company and its shareholders.

A conflict of interest gives a well-founded reason to doubt that the nominee will remain objective and unbiased, acting in the best interests of the Company, and it is therefore not advisable to nominate to the Board of Directors anyone who holds an interest in, sits on the executive bodies of, or is employed by Rostelecom's competitors.

Independent directors are enabled to influence decisions made by the Board. The Company aims for at least one third of the Board to be made up of independent directors.

Independent directors make a positive contribution to shaping objective assessments when the Board of Directors makes decisions on all matters within its remit, thus ensuring the balancing of the interests of all Rostelecom shareholders.

GRI
(2–12)

Key objectives of the Board of Directors

- Set and advance the business objectives and strategic goals of the Company
- Protect the rights and legitimate interests of shareholders
- Ensure the integrity, reliability, and fairness of public information about the Company

Key principles of the Board of Directors



Make decisions based on reliable information on the Company's operations.



Ensure the Company's commitment to the long-term interests of its shareholders and receipt by shareholders of all relevant information about the Company's operations.



Balance the interests of various groups of shareholders and make the most objective and well-balanced decisions for the benefit of all shareholders.



Interpret any ambiguities in any laws and regulations in favour of the enhancement of the rights and legitimate interests of shareholders.

11

directors elected annually

54.7

years – average age of a Board member¹

6.1

years – average tenure of a Board member

¹ New version No. 17 was approved by the Company's AGSM on 30 June 2022 (Minutes No. 1 dated 1 July 2022). The full text of the new version is available at: www.company.rt.ru/en/ir/corporate_governance/docs/.

² For more details on the performance evaluation of the Board of Directors, see Appendix 2, Governance and Control Bodies, to this Annual Report at: www.company.rt.ru/ir/agm/files/2022/Appendix_2_to_annual_report_2022_rus.pdf.

¹ Average age and tenure of Board members are as at 31 December 2022.

GRI
(2-11)

Composition of the Board of Directors¹

Information is not disclosed in accordance with the Decree of the Government of the Russian Federation No. 1102 as of 4 July 2023.

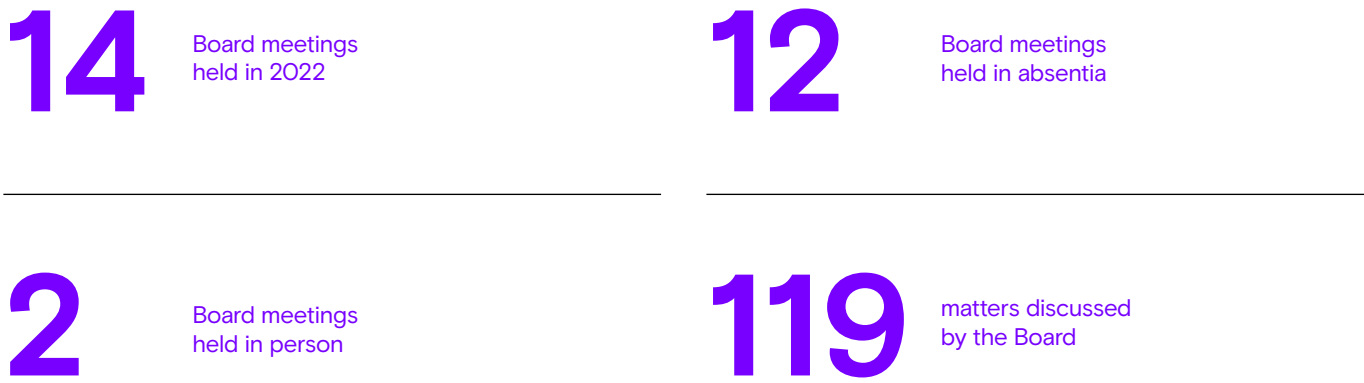
Director independence



Board of Directors in office during 2022

Information is not disclosed in accordance with the Decree of the Government of the Russian Federation No. 1102 as of 4 July 2023.

Board of Directors’ and its committees’ performance report¹ in 2022



The liability of the Company’s directors was insured for EUR 25 million, with an additional insurance coverage of EUR 920 thousand for each independent director (EUR 4.6 million in total).

No conflicts of interest involving members of the Board of Directors were identified in 2022. Board members fill in quarterly questionnaires listing all potential factors that may contribute to a conflict of interest.

¹ For more information about the matters discussed at the meetings of the Board of Directors and its committees, see Appendix 3, Information on Meetings of the Board of Directors and Its Committees, to this Annual Report at: www.company.rt.ru/ir/agm/files/2022/Appendix_3_to_annual_report_2022_eng.pdf.

Matters discussed by the Board of Directors

Topic	Number of matters discussed
Audit, risk management, and internal control	7
Matters of General Shareholders' Meetings	20
Organising the proceedings of the Board of Directors and its committees	11
Approval of interested party transactions	16
Approval of transactions regulated by the Charter	15
Strategy and development	12
Management of non-core assets	13
HR management	15
Approval of internal documents	5
Miscellaneous	5
Total matters discussed	119

Performance highlights

Key 2022 results	Plans for 2023
<ul style="list-style-type: none">Ongoing monitoring of the implementation of the corporate strategy and the strategic projects:<ul style="list-style-type: none">Import substitutionCybersecurityDevelopment of the Data Centres and Cloud Services strategic business lineBiometricsContinuous monitoring of technological and business resilience as well as tracking of key performance indicators (KPIs) set by the Board of Directors amidst the sanctions pressure	<ul style="list-style-type: none">Reviewing the need to update the Company's key documents (strategy, long-term development programme, digital transformation programme, KPIs), taking into account macroeconomic changes and the political situationDeveloping the new Long-Term Incentive and Retention Programme for Key EmployeesFocus on maintaining high standards of corporate governanceFocus on fortifying the existing strategic advantages, including through M&A

Board committees' performance in 2022

Audit Committee¹

5 meetings held in the reporting year in absentia

14 matters discussed

The Audit Committee is responsible for discussing the following matters:

- Financial statements
- Internal and external audit
- Countering employee and third-party misconduct
- Compliance with the Code of Ethics
- Risk management

Nomination and Remuneration Committee²

2 meetings held in the reporting year, 1 of them in person

11 matters discussed

The Nomination and Remuneration Committee is responsible for discussing the following matters:

- Development, review, and implementation of the Remuneration Policy
- Performance evaluation of the Company's executive bodies and other key executives
- Early termination of employment contracts with members of the Company's executive bodies and other key executives
- Recommendations to the Board of Directors regarding the Corporate Secretary
- Disclosure of the remuneration policies and practices and the management's shareholding in the Annual Report
- Qualifications and responsibilities of the Board members, membership enhancement priorities, and the selection of new candidates
- Appointment of the members of the Management Board, including the Chairman, and determining the terms of their employment contracts

Strategy Committee³

2 meetings held in the reporting year, 1 of them in person

3 matters discussed

The Strategy Committee is responsible for discussing the following matters:

- Strategic goals and strategy implementation
- Priority areas and progress on strategic plans
- Distribution of profits, including dividends
- The Company's performance and growth prospects over the longer term
- Relations with the entities where the Company holds interest, including disposal thereof
- Trading Company securities
- Financial and business evaluation models
- Reorganisation and liquidation of the Company and its controlled entities
- Using reserve and other funds
- Major and interested party transactions

Corporate Governance Committee⁴

1 meeting held in the reporting year in absentia

7 matters discussed

The Corporate Governance Committee is responsible for discussing the following matters:

- Preparing for and holding the Annual and Extraordinary General Shareholders' Meetings
- Approaches to disclosures and rules for handling non-public information
- Drafting amendments to and approving new versions of regulations on the Company's governing bodies
- Settling corporate conflicts
- Verifying compliance with the international standards and requirements of stock exchanges
- Approving the Company's registrar and the terms of the agreement concluded with it

¹ New version No. 4 of the Regulations on the Audit Committee of PJSC Rostelecom's Board of Directors was approved by the Board of Directors on 6 August 2020 (Minutes No. 24 dated 6 August 2020). The full text of the document is available at: https://www.company.ru/en/ir/corporate_governance/docs/Regulations_Audit_Committee_ver4.pdf.

² New version No. 4 of the Regulations on the Nomination and Remuneration Committee of PJSC Rostelecom's Board of Directors was approved by the Board of Directors on 6 August 2020 (Minutes No. 24 dated 6 August 2020). The full text of the document is available at: https://www.company.ru/en/ir/corporate_governance/docs/Regulations_NomRem_Committee_ver4.pdf.

³ New version No. 4 of the Regulations on the Strategy Committee of PJSC Rostelecom's Board of Directors was approved by the Board of Directors on 6 August 2020 (Minutes No. 24 dated 6 August 2020). The full text of the document is available at: https://www.company.ru/en/ir/corporate_governance/docs/Regulations_Strategy_Committee_ver4.pdf.

⁴ New version No. 5 of the Regulations on the Corporate Governance Committee of PJSC Rostelecom's Board of Directors was approved by the Board of Directors on 6 August 2020 (Minutes No. 24 dated 6 August 2020). The full text of the document is available at: https://www.company.ru/en/ir/corporate_governance/docs/Regulations_CG_Committee_ver5.pdf.

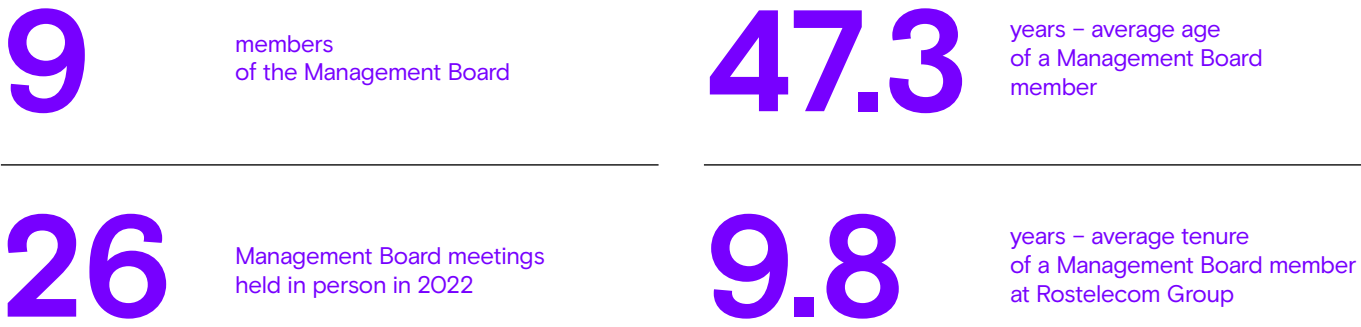
Key matters discussed by committees in 2022

<p>Audit Committee</p> <ul style="list-style-type: none">Recommendations to the Board of Directors regarding the Company's auditorRAS and IFRS reportsPaying bonuses to the Senior Auditor and the Senior Risk ManagerInternal Audit Unit performance reports and plans, including the recognition of the risk management and internal control system as generally effective, except for areas where certain observations or gaps were identified to require specific corrective actionRegulations on Internal AuditRisk Management Programme for 2022Risk management outcomes	<p>Nomination and Remuneration Committee</p> <ul style="list-style-type: none">2021 KPI Progress ReportImplementation procedure for the second cycle of the Long-Term Incentive Programme for 2020–2022Regulations on the Establishment and Application of Key Performance Indicators to Determine the Annual Bonus Payable to the President of PJSC RostelecomDetermination of the term of office and the number of members of Rostelecom's Management Board and appointment of its membersDetermining whether the Board nominees meet the independence criteriaPaying bonuses to the President, the Corporate Secretary, and the Senior Auditor		
<p>Strategy Committee</p> <ul style="list-style-type: none">Recommendations to the General Shareholders' Meeting on the distribution of net profit and payment of a final dividend for 2021Business plan for 2023	<p>Corporate Governance Committee</p> <ul style="list-style-type: none">Information Policy Compliance ReportInclusion of the following items in the agenda of the 2021 Annual General Shareholders' Meeting: Approving Rostelecom's Charter, Version No. 22; Approving the Regulations on the General Shareholders' Meeting of PJSC Rostelecom, Version No. 12; Approving the Regulations on the Board of Directors of PJSC Rostelecom, Version No. 17; Approving the Regulations on the President of PJSC Rostelecom, Version No. 6; Approving the Regulations on the Management Board of PJSC Rostelecom, Version No. 8; Approving the Regulations on the Audit Commission of PJSC Rostelecom, Version No. 6		

Corporate Secretary

The Corporate Secretary facilitates the coordination between the Company and its shareholders and assists the Company's governing bodies in corporate governance. The Corporate Secretary is elected by the Board of Directors and reports to the Board of Directors.

President and Management Board



Information is not disclosed in accordance with the Decree of the Government of the Russian Federation No. 1102 as of 4 July 2023.

Management Board's performance report

Key matters discussed by the Management Board

Operations and operational excellence	<ul style="list-style-type: none">• The 2022 business plan performance reports and drafting the 2023 business plan• Enhancing the corporate project management• Streamlining the procurement procedures• Streamlining the relations with subsidiaries and affiliates• The Company's digital transformation• Monitoring the progress of key strategic projects:<ul style="list-style-type: none">– Bridging the Digital Divide– Providing Internet Access for Hospitals and Out-Patient Clinics– Arranging for Video Surveillance and Ensuring the Operation of the Broadcasting Portal during the Elections in Russia– Digital transformation of the public administration• Changing the Company's branch structure and optimising employee performance in a remote-working environment
The Company's growth	<ul style="list-style-type: none">• Strategies to be pursued by the business segments and key subsidiaries• Building the target IT architecture and transforming the telecom networks• Developing digital services in healthcare
Risk management	<ul style="list-style-type: none">• Progress in the Risk Management Programme
Evolving corporate governance standards	<ul style="list-style-type: none">• Developing and approving the Risk Management Programme• The Company's internal control development concept
Preparing materials and matters referred to the Board of Directors	<ul style="list-style-type: none">• Preliminary review of the interested party transactions
Social responsibility	<ul style="list-style-type: none">• Charity and sponsorship initiatives

Management Board members' attendance at meetings

Information is not disclosed in accordance with the Decree of the Government of the Russian Federation No. 1102 as of 4 July 2023.

Management Board committees' performance report

To improve the performance of the Management Board, the Company has in place four committees.

Budget and Investment Committee

Committee functions

The Budget and Investment Committee facilitates the linkages between, and the alignment of, the budget and investment processes, monitors their progress, and makes relevant proposals to the Management Board.

Key 2022 results

- Reviewed and assessed the Company's investment projects and programmes for 2022 and 2023, made go/no-go decisions
- Reviewed the 2022 budgets of the business units and branches as part of preparing the Company's draft consolidated budget for 2023
- Monitored the performance of the 2022 investment plan

Plans for 2023

- Reviewing and assessing the Company's investment projects and programmes
- Reviewing the budgets of the business units and branches as part of preparing the Company's draft consolidated budget
- Monitoring the performance of the investment plan

32 meetings held in the reporting year, 19 of them in person

77 matters discussed

Compensation Committee

Committee functions

The Compensation Committee is responsible for discussing the following matters:

- Headcount increases and sources of financing
- One-off bonuses to employees
- Covering elective surgery costs for Company employees
- Changing the incentive system
- Determining the terms of the Company's Housing Programme, NPF¹

Key 2022 results

- Determined the terms of the Company's Housing Programme
- Made a decision to cover elective surgery costs for Company employees
- Decided to award bonuses to employees
- Took a decision on headcount increases and the sources of financing
- Approved the allocation of defined contributions for the employees of Rostelecom's Corporate Centre and an information technologies subsidiary pursuant to the Private Pension Insurance Programme
- Approved the incentive system for auditors
- Approved an addendum to the memorandum on the approach to financial incentives for employees of Rostelecom's Property Management Department
- Made decisions regarding corporate titles

Plans for 2023

- To discuss the following matters:
- Changes to the incentive system of the Company's business units
 - Approval of the 2022 reserves
 - Bonus payments to employees
 - The Housing Programme
 - Allocation of defined contributions for the employees of Rostelecom's Corporate Centre, pursuant to the Private Pension Insurance Programme
 - Headcount increases and the sources of financing
 - Covering employees' medical treatment costs

29 meetings held in the reporting year, 25 of them in person

103 matters discussed

¹ A private pension fund.

4 meetings held in the reporting year, 2 of them in person

8 matters discussed

Risk Management Committee

Committee functions

The Risk Management Committee coordinates the evolution of the risk management system (RMS) and ensures effective risk management at all levels to support balanced business decisions.

Key 2022 results

- Approved the Risk Management Programme
- Discussed the risk management matters to be further submitted to the President, the Management Board, the Board of Directors, and the Board’s Audit Committee
- Issued relevant instructions to the RMS participants and approved risk management measures
- Regularly supervised the risk management procedures for all risks and at all organisational levels
- Monitored the mitigation measures and changes in the key risk indicators

Plans for 2023

- Enhancing the risk management processes: identifying and assessing risks, developing risk management measures, RMS supervising and monitoring

12 in-absentia meetings held in the reporting year

31 matters discussed

Charity Committee

Committee functions

The key objectives of the Charity Committee are to review donation requests from individuals or legal entities and advise the Company’s governing bodies on charitable spending.

Key 2022 results

- Recommended a donation of RUB 218 million to support projects in education, care, spiritual heritage, environment, and sports

Plans for 2023

- Developing recommendations for charitable spending in 2023

5.1.3. CONTROL BODIES¹

Audit Commission

Key function

Control over the financial and business operations in the periods between general shareholders’ meetings.

Key 2022 results

- In early 2023, the Commission conducted an audit of the Company’s financial and business operations for the year 2022 using the methods of an overall and random inspection of individual transactions, including the Annual Report and the annual accounting (financial) statements
- In the course of 2022, the Company’s business underwent an audit in the following areas:
 - Assessment of the financial and business performance, analysis of the remuneration system, including a KPI review
 - The Company’s legal compliance in its core financial and business operations
 - Analysis of the ICS, RMS, and the internal audit system, the budget and investment plan execution, and the effectiveness of the disposition and divestiture of the Company’s non-core assets
 - Analysis of the Company’s real estate management programme, including the transactional mechanics in 2022, and the effectiveness of the equity investment management
 - Execution of the instructions of the President of the Russian Federation and the Government of the Russian Federation as well as the recommendations of the Audit Commission resulting from the 2022 audit

Internal Audit Unit

Key functions

- Internal audit based on a risk-oriented approach and the best practices
- Independent assistance in improving the RMS, ICS, and the corporate governance system
- Ensuring the proper operation of the Ethics Hotline

Key 2022 results

- Fully and timely executed the working plan for the Internal Audit Unit with a meaningful economic effect. Formulated an independent opinion on the reliability and effectiveness of the RMS, ICS, and the corporate governance system. Provided recommendations on improving process efficiency, generating additional income and cost savings as well as independent and objective assurances and consultations aimed to enhance Rostelecom’s performance and support the achievement of its goals. The Internal Audit Unit actively employs the best practices, including data analytics, big data tools, and dashboard-based continuous monitoring procedures, as well as participates in strategic corporate initiatives
- Certain subsidiaries receive internal audit consultations to ameliorate the ICS and risk management effectiveness while ensuring compliance with the principles of independence and fairness

¹ For more details on the performance of control bodies, see Appendix 2, Governance and Control Bodies, to this Annual Report at: www.company.rt.ru/ir/agm/files/2022/Appendix_2_to_annual_report_2022_rus.pdf.

² The Audit Commission issued an unqualified positive opinion and confirmed the accuracy of the data contained in the Rostelecom 2022 Annual Report and its annual accounting (financial) statements.

Risk Management divisions

Key function

Building, monitoring, and maintaining the risk management system

Key 2022 results

- The following steps as part of wider measures to better the management process:
 - Regarding sanctions risks, including enabling a visual representation of operational data
 - Regarding business continuity in terms of implementing a cross-functional process
- Monitored the implementation of the Risk Management Programme for 2022
- Provided methodological support to the subsidiaries and affiliates in monitoring their risk management programmes
- Executed measures under the plan resulting from the audit that assessed the risk management performance and the performance of the internal control and corporate governance systems

Internal Control Unit

Key function

Assisting management in building an effective internal control system (ICS)

Key 2022 results

- Updated the ICS development strategy and prepared roadmaps for ICS improvement at the subsidiaries and affiliates
- Together with the owners of the business processes, analysed key risks, and implemented measures to bolster the ICS effectiveness
- Prepared a training course to augment the risk management and internal control skills of the Company's key employees
- Updated the ICS methodology in line with the best practices
- The high maturity level of the Company's ICS has been independently confirmed by an internal audit as well as by the Federal Tax Service as part of a horizontal monitoring procedure

External audit

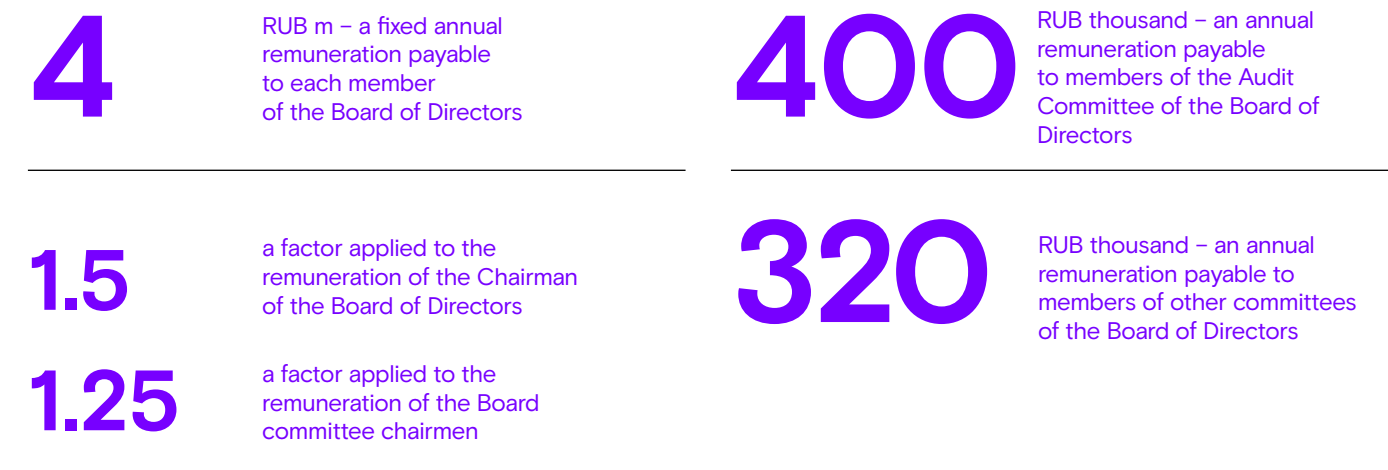
We annually engage an external auditor for an independent assessment of the accuracy of the Company's financial statements.

In 2022, following a public tender, the Annual General Shareholders' Meeting¹ selected Centre for Audit Technologies and Solutions – Audit Services to act as Rostelecom's auditor (the "Auditor") in respect of RAS and IFRS reporting for 2H 2022 and 1H 2023, with the total fee for the assessment of both RAS and IFRS financial statements to equal RUB 84.3 million (inclusive of VAT).²

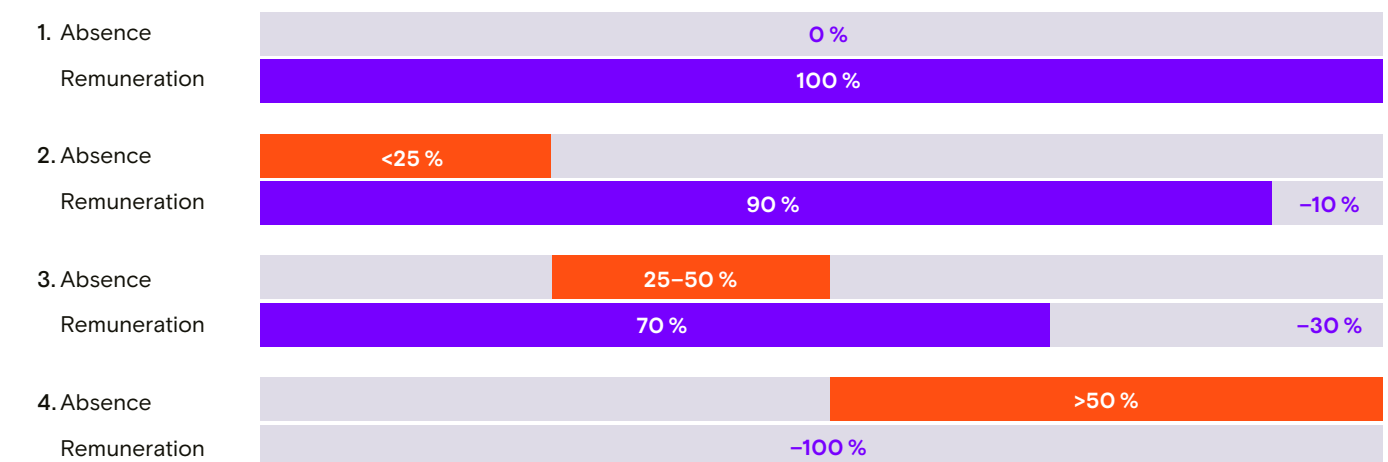
The auditor confirmed the accuracy of the 2022 financial statements.

5.1.4. REMUNERATION

Board of Directors¹



Reduced remuneration due to absence from meetings held in person or in absentia



Remuneration paid to the Board of Directors,¹ RUB m

Information is not disclosed in accordance with the Decree of the Government of the Russian Federation No. 1102 as of 4 July 2023.

¹ Minutes No. 1 dated 1 July 2022.

² For more details on the auditor's fee and the auditor selection procedure, see Appendix 2, Governance and Control Bodies, to this Annual Report at: www.company.rt.ru/ir/agm/files/2022/Appendix_2_to_annual_report_2022_rus.pdf.

¹ Remuneration of the Board of Directors is determined in line with the Regulations on the Board of Directors.

Individual payments to members of the Board of Directors in office from 28 June 2021 to 30 June 2022, RUB

Information is not disclosed in accordance with the Decree of the Government of the Russian Federation No. 1102 as of 4 July 2023.

Components comprising remuneration payable to the President and members of the Management Board

	Salary	Short-term incentives	Long-term incentives
Type of remuneration	Basic salary	Annual bonus	Long-Term Incentive Programme
Objective	Attract and retain professional managers by offering competitive salaries	Achieve annual business KPIs	Achieve long-term KPIs: Net Profit, FCF ¹ and ROIC ²
Target ratio of remuneration components	50 %	50 %	The multi-year programme is based on a share matching plan and offers shares as remuneration

Payments to the Management Board and the highest paid employees in 2022, RUB

Information is not disclosed in accordance with the Decree of the Government of the Russian Federation No. 1102 as of 4 July 2023.

President and Management Board

The President’s compensation package is determined in his contract approved by the Board of Directors.

Furthermore, in line with the Board of Directors’ resolution, the President’s pay may include an annual bonus for faithful discharge of his duties and performance according to the budget targets.

Payments to the Management Board members are made on the basis of the employment contracts signed with each employee. No special remuneration is payable to Management Board members for serving on the Management Board.

Severance is paid to the President and the Management Board members upon the termination of their employment with the Company in line with the Labour Code of the Russian Federation. The severance pay does not exceed the employee’s triple average monthly earnings.

Remuneration paid to the Management Board, RUB m

Information is not disclosed in accordance with the Decree of the Government of the Russian Federation No. 1102 as of 4 July 2023.

¹ Free Cash Flow.
² Return on Invested Capital.

Audit Commission

800

RUB thousand – an annual remuneration payable to members of the Audit Commission

1.1

a factor applied to the remuneration of the Secretary of the Audit Commission

1.3

a factor applied to the remuneration of the Chairman of the Audit Commission

Payments to members of the Audit Commission in 2022, RUB

Information is not disclosed in accordance with the Decree of the Government of the Russian Federation No. 1102 as of 4 July 2023.

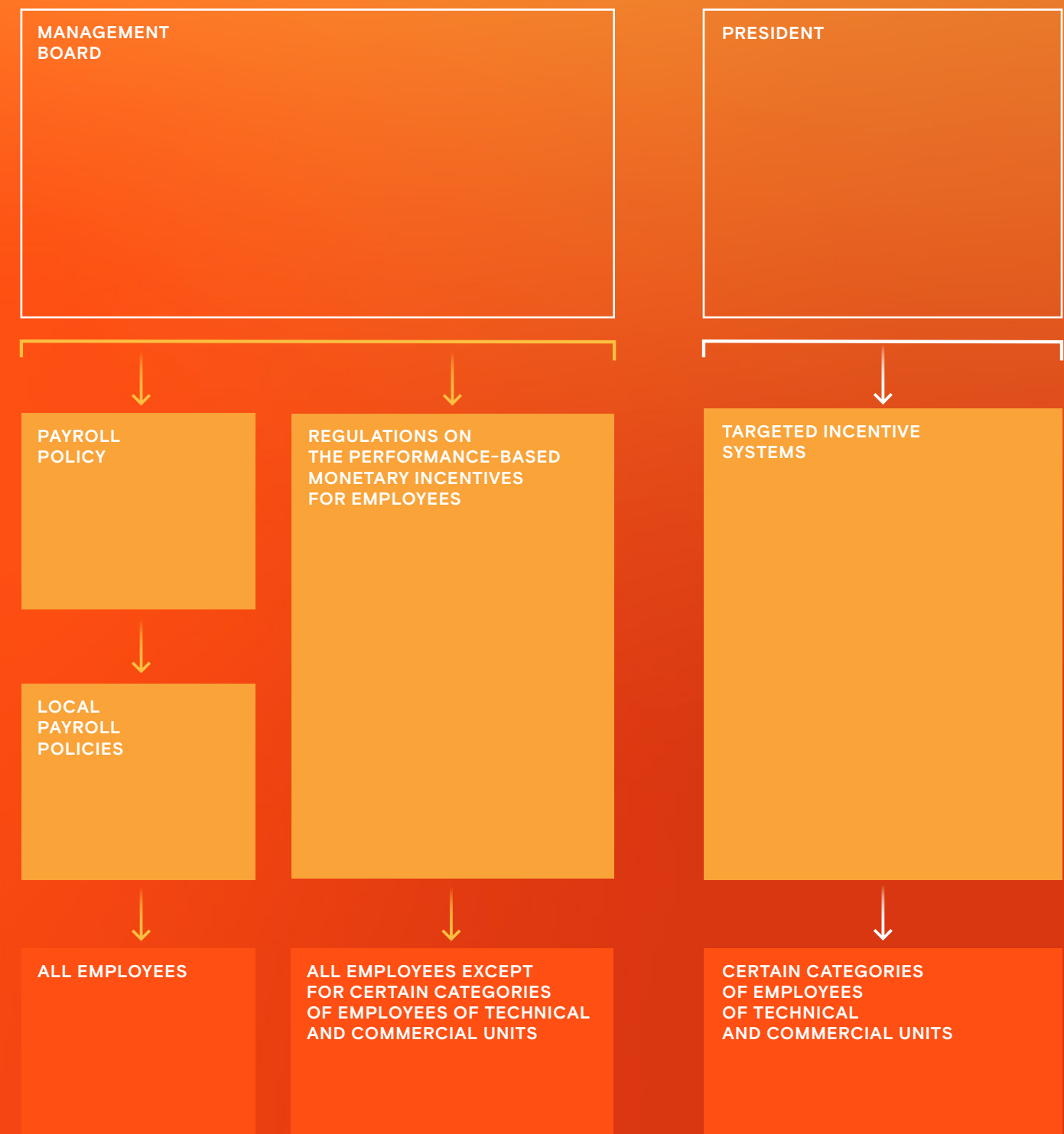
Incentive programmes

Rostelecom has in place a number of incentive policies and regulations for its employees.

Rostelecom does not offer non-financial remuneration except for the Long-Term Incentive Programme. Local remuneration systems, including incentive systems, are adapted at the Company's subsidiaries and affiliates to stay in line with the current approaches to remuneration management at Rostelecom.

The Company regularly participates in salary and HR policy reviews. Remuneration and financial incentives for Rostelecom employees are on par with the market.

Severance may be paid to Company employees upon negotiated employment termination. The severance pay may not exceed the employee's triple average monthly earnings.



Long-term incentives

Rostelecom’s Long-Term Incentive Programme (the “Programme”) was approved by the Board of Directors and is based on a share matching plan. The Programme is open to employees in grades 6 to 11 if they choose to use a portion of their variable remuneration to buy Rostelecom securities. In this case, the employee is entitled to additional remuneration in the form of Rostelecom shares depending on his or her position, amount of investment, and individual and corporate performance.

The Programme provides for three cycles to be launched annually (in 2020, 2021, and 2022), with the implementation of each cycle during the year following the respective cycle. The maximum shareholding held by Programme participants will not exceed 6% of the Company’s charter capital or 6.38% of its ordinary shares. The maximum shareholding held by Programme participants in each cycle is limited to 2% of the Company’s charter capital or 2.13% of its ordinary shares.

The Programme is based on both individual performance and the achievement of Company-wide KPIs applicable to the Programme: FCF, Net Profit, and ROIC.

The Programme is run via RTC–Razvitie, a closed-end fund.

Expenses on the Long-Term Incentive Programme included in the Statement of Profit or Loss, RUB m

Information is not disclosed in accordance with the Decree of the Government of the Russian Federation No. 1102 as of 4 July 2023.

Short-term incentives

The Company has a regular bonus scheme for employees. Rostelecom is working to improve the employee incentive system in line with its business needs.

In 2022, the targeted incentive schemes and KPIs for the B2C, B2B, and B2O segments as well as the Technical Infrastructure Unit were centralised and updated. Additional financial incentive programmes were also developed and implemented to further better employee performance in order to meet specific business objectives.

Quarterly assessments of in-house services represent another employee incentive tool used by Rostelecom. Such assessments advance cross-functional collaboration. Their results are used to enhance in-house services.

System of KPIs

Key performance indicators are set for employees based on their position and scope of responsibility/influence. Bonuses paid to employees depend on the achievement of corporate, business, and individual targets.

President’s KPI, %

KPIs of Management Board members (excluding the President), %

Information is not disclosed in accordance with the Decree of the Government of the Russian Federation No. 1102 as of 4 July 2023.

5.1.5. INFORMATION DISCLOSURE

Aiming to enhance its investments and maintain a trust-based dialogue with its stakeholders, Rostelecom discloses information in line with:²

- the requirements of the Russian laws
- the requirements of the resolutions of the Russian Government
- the requirements of the Bank of Russia’s regulations
- the Listing Rules of PJSC Moscow Exchange
- the basic principles of disclosure and the provision of information by public joint stock companies as recommended by the Corporate Governance Code
- the Company’s internal documents.

The Board of Directors establishes the rules of, and approaches to, disclosures, which are formalised in Rostelecom’s Information Disclosure Policy.

Key objectives of the Information Disclosure Policy are to:

- enhance openness and build trust
- improve transparency
- ascertain the Company’s disclosure framework.

Key principles of the Policy are:

- timely, consistent and prompt provision of information
- accessibility, objectivity, completeness, accuracy, and comparability of disclosed information
- equal rights of all stakeholders to obtain information in compliance with all applicable laws, standards, and regulations
- information disclosure regardless of specific individual or group interests
- reasonable balance between the Company’s transparency and protection of its business interests
- confidentiality of information that constitutes a state secret or a trade secret in accordance with the Company’s internal documents
- control over the use of insider information.

The Company discloses information on its official website www.company.rtru/en/ and on the corporate information disclosure website run by Interfax (in Russian) rostelecom.e-disclosure.ru.

¹ Management by objectives, a process of aligning goals within an organisation so that management and employees share goals and understand their significance to the organisation.
² In 2022, the Company did not make a full disclosure pursuant to Resolution of the Russian Government No. 351 dated 12 March 2022.

5.1.6. SECURITIES AND SHAREHOLDER AND INVESTOR RELATIONS

Securities

Shares

Rostelecom's charter capital as at 31 December 2022:

8.73 RUB m

395 shareholders,¹ including:

1,338 legal entities

393,706 individuals

3,282,997,929 ordinary shares

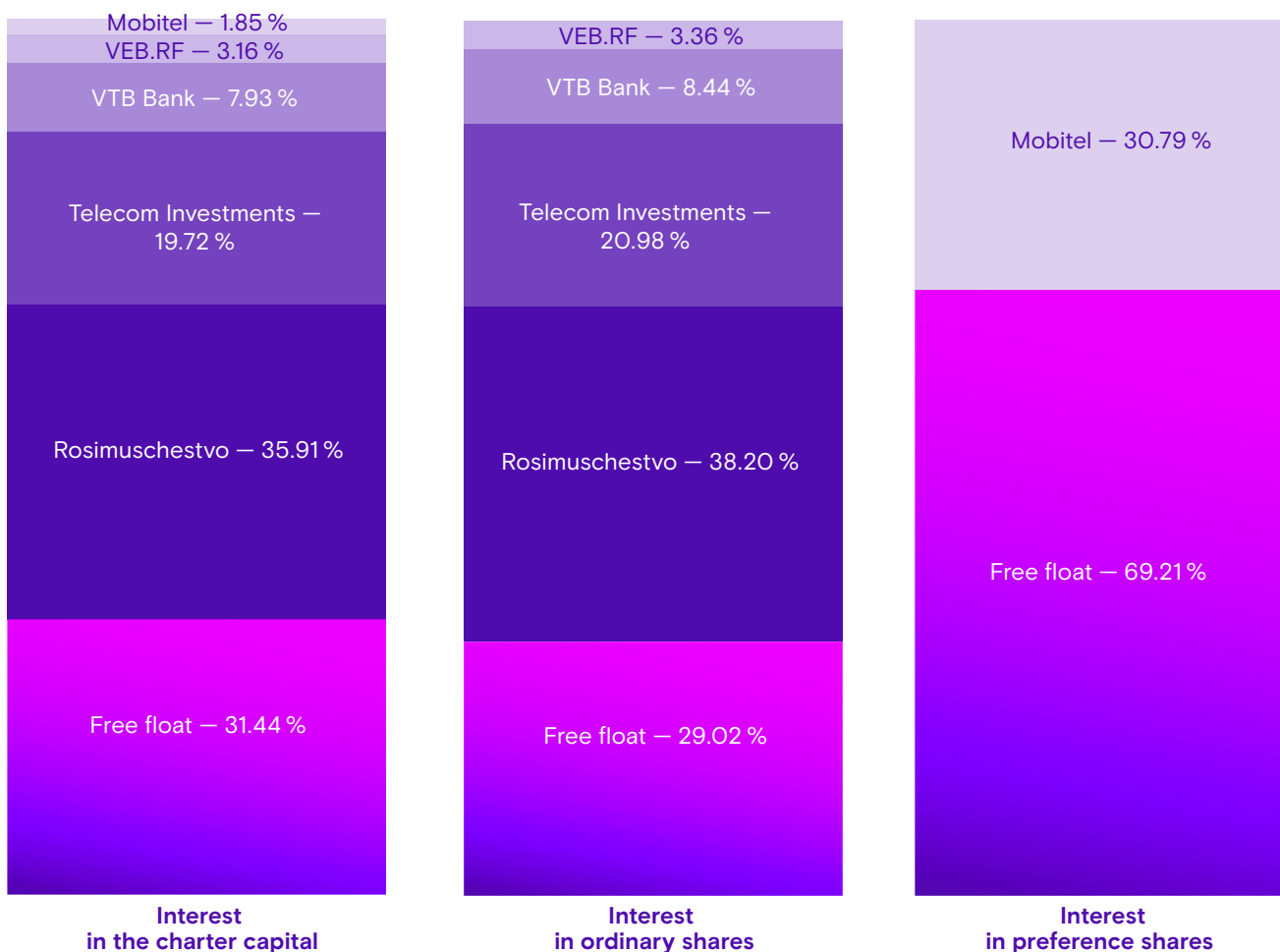
209,565,147 preference shares

Rostelecom ordinary and preference shares (tickers RTKM and RTKMP) are admitted to the first level quotation list of the Moscow Exchange and to the non-quotation section of the SPB Exchange's list.



¹ Including disclosure of shareholders whose shares are held by nominee holders.

Shareholding structure as at 31 December 2022



Bonds

In 2022, Rostelecom placed four issues of exchange-traded bonds:

- In May, Rostelecom placed 11.75 % fixed-rate four-year exchange-traded bonds worth RUB 5 billion
- In June, Rostelecom placed 10.20 % fixed-rate three-year exchange-traded bonds worth RUB 15 billion
- In August, Rostelecom placed 8.75 % fixed-rate 42 month exchange-traded bonds worth RUB 15 billion
- In December, Rostelecom placed 8.85 % fixed-rate 43 month exchange-traded bonds worth RUB 10 billion

The proceeds were used to refinance the Company's existing debt and did not change its overall leverage.

153.29

RUB BN TOTAL VALUE
OF THE COMPANY'S OUTSTANDING
BONDS AS AT 31 DECEMBER 2022,
OR 34.1% OF ITS DEBT PORTFOLIO

Outstanding exchange-traded bonds as at 31 December 2022

Series	Offering date	Issue size, RUB	Number of outstanding bonds	Maturity date
BO-01	29 May 2015	5,000,000,000	862,810	16 May 2025
001P-01R	22 September 2016	15,000,000,000	8,016,404	10 September 2026
001P-02R	26 April 2017	10,000,000,000	4,030,694	14 April 2027
001P-03R	21 November 2017	10,000,000,000	10,000,000	9 November 2027
001P-04R	16 March 2018	10,000,000,000	10,000,000	3 March 2028
001P-05R	3 April 2019	15,000,000,000	380,973	21 March 2029
001P-06R	9 December 2022	10,000,000,000	10,000,000	5 September 2025
002P-01R	5 December 2019	10,000,000,000	10,000,000	27 November 2025
002P-03R	18 February 2020	15,000,000,000	15,000,000	14 February 2023
002P-02R	19 February 2020	15,000,000,000	15,000,000	10 February 2027
002P-04R	24 April 2020	10,000,000,000	10,000,000	21 April 2023
002P-05R	14 October 2020	10,000,000,000	10,000,000	8 October 2025
002P-06R	23 July 2021	15,000,000,000	15,000,000	17 July 2026
002P-07R	13 May 2022	5,000,000,000	5,000,000	8 May 2026
002P-08R	15 June 2022	15,000,000,000	15,000,000	11 June 2025
002P-09R	4 August 2022	15,000,000,000	15,000,000	29 January 2026

Dividends

On 30 June 2022, the Annual General Shareholders’ Meeting took a decision to pay a final dividend for FY2021 amounting to a total of RUB 15,926,088 thousand. Dividends on ordinary and preference shares accounted for RUB 4.56 per share.

The dividends were paid out of the net profit; the amount paid to the federal budget was RUB 5,719,104 thousand, with no outstanding dividends payable to the federal budget.



Historical dividend payout

Dividends for	Dividend per ordinary/preference share, RUB	Total accrued, RUB thousand	Total paid prior to 2022, RUB thousand	Total paid during 2022, RUB thousand	Total paid by end of 2022	
					RUB thousand	%
2021	4.56/4.56	15,926,088	–	15,624,438	15,624,438	98.11
2020	5/5	17,462,815	17,352,408	5,089	17,357,497	99.40
2019	5/5	17,462,815	17,359,548	2,103	17,361,651	99.42
2018	2.50/2.50	6,961,200	6,912,716	327	6,913,043	99.31
9M 2018	2.50/2.50	6,961,200	6,912,802	–182 ¹	6,912,620	99.30

Credit ratings

As of the end of 2022, the Analytical Credit Rating Agency (ACRA) left Rostelecom’s rating unchanged, while National Credit Ratings (NCR) upgraded the issuer’s credit rating to AAA.ru with a stable outlook.

Rostelecom’s credit ratings as at 31 December 2022

ACRA		Stable outlook. Affirmed on 31 May 2022
NCR		Stable outlook. Affirmed on 27 May 2022

¹ The amount is negative due to the return in 2022 of the dividends paid twice at the end of 2021.

5.1.7. RISK MANAGEMENT

Risk management system

Rostelecom’s risk management system (RMS) enables risk modelling, assessment, and mitigation. The system fully complies with the requirements of domestic and international regulators. The Company makes sure its risk management system is in line with best practices by regularly updating its internal documents. The key focus areas of the system development are further automation and digitisation

Rostelecom’s risk management system enables effective management decisions in situations involving risks and uncertainties as well as helps identify opportunities supporting the Company’s strategic goals.

Rostelecom’s risk management is guided by the following internal documents:

- PJSC Rostelecom’s Charter
- Risk Management Policy
- Regulations on the Board of Directors
- Regulations on the Audit Committee of the Board of Directors
- Regulations on the Integrated Risk Management System
- Regulations on the Risk Management Committee of the Management Board
- Risk Management Procedure

Risk management is based on a system of concise and measurable corporate goals set by the Board and the management. The Board of Directors approves Rostelecom’s Risk Management Programme every year and arranges to monitor its execution on a quarterly basis. As part of the Risk Management Programme, the Risk Management Committee of the Management Board reviews quarterly progress reports on risk management and relevant matters and then approves risk management initiatives.

The Risk Management Programme includes:

- simulation modelling of actual/plan variance ranges for business plan items
- a list of strategic and corporate risks and corresponding potential risk scenarios
- key strategic and corporate risk indicators and thresholds
- strategic and corporate risk management activities.

At least once a year, the Company’s internal audit function conducts an independent evaluation of the risk management system’s effectiveness and performance over the previous period.

In 2022, Rostelecom approved the target maturity level of its risk management system and assessed the current maturity level of its risk management using a model designed by the autonomous non-profit organisation of continuing professional education Institute for Strategic Risk Analysis in Decision Making (ISAR).

A self-assessment estimated the current level of maturity at 2.83 out of 3, with the following areas of improvement identified for the Company’s risk management system:

- Providing sufficient resources to manage risks (risk management budget commensurate with risk levels)
- Improving communication and consultation to maintain the risk management framework and facilitate effective risk management
- Developing risk management practices and boosting risk management awareness among key employees

2.83

MATURITY LEVEL
OF RISK MANAGEMENT

The key risks in 2022 are still the risks of business continuity, components crunch, and import substitution due to continued sanctions imposed by the United States and the European Union against Russia and China.

To manage business continuity risks, Rostelecom set up a dedicated task force, approved a roadmap for the period from 2022 to 2023 and began developing methodologies to evaluate the importance of relevant products and the criticality of services and information systems.

With regards to the components crunch and import substitution, the Company focuses on the availability of core process equipment, stocks in “hot-standby” warehouses, parallel imports, and compliance with procurement quotas.

All these efforts help mitigate the impacts of the sanctions regimes.

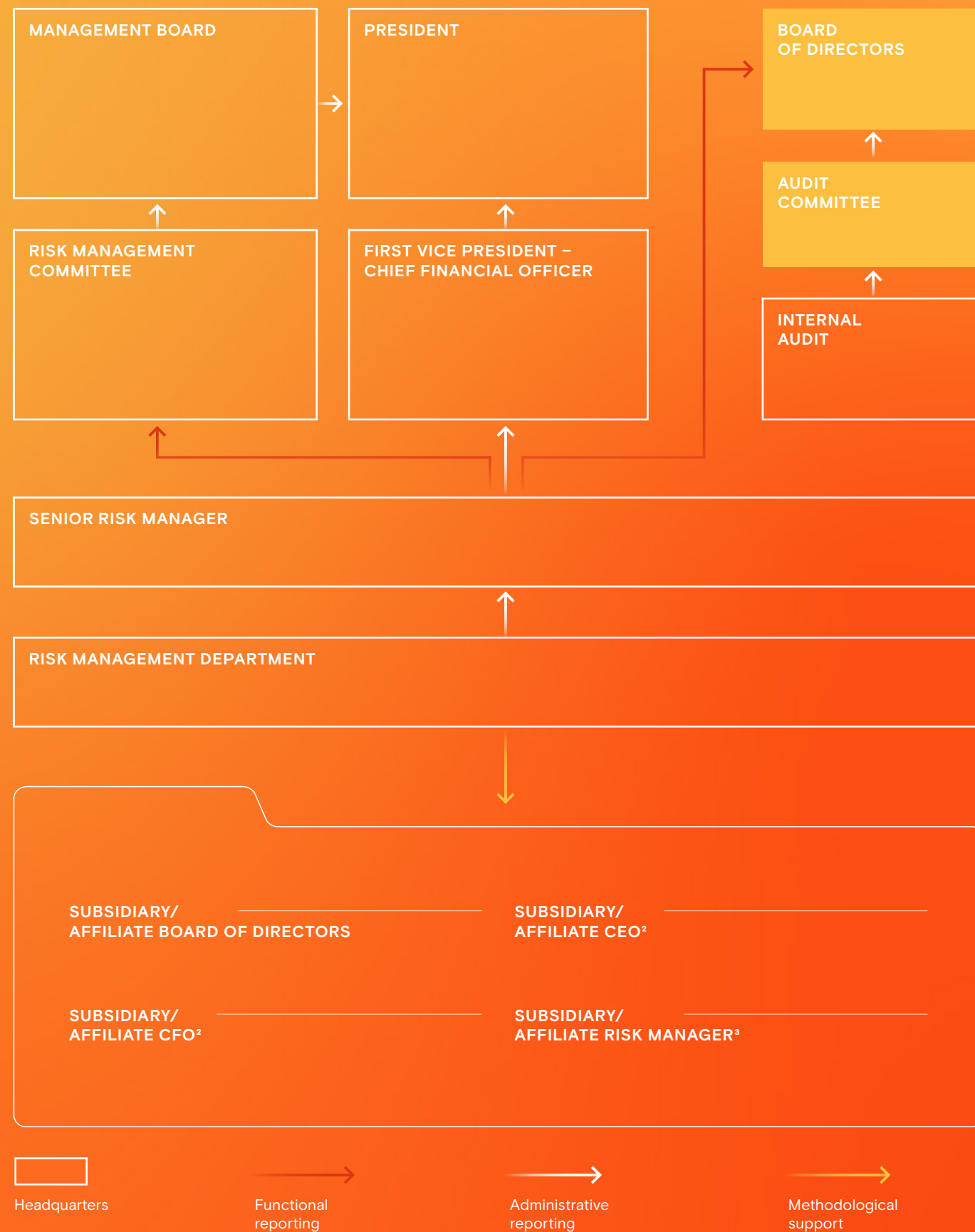
Over 2023, the Company plans to further develop its risk management system through the following activities:

- Enhancing compliance with Russian and global standards
- Advancing risk management performance and methods for integrating risk management tools into the Company’s operations
- Launching a video course on risk management, which is currently available to all employees via Rostelecom’s Corporate Online University, to raise awareness and ensure practical implementation of risk management measures
- Monitoring the RMS rollout across the subsidiaries and affiliates listed in Rostelecom President’s order
- Developing an operations-level risk dashboard for key risk owners

Risk management actors

Actor	Roles and responsibilities
Board of Directors	Defines the operating principles and identifies improvement areas of the risk management system; carries out overall monitoring of risk management performance
Audit Committee	Oversees the operation of and identifies gaps in the risk management system; makes recommendations to the Board of Directors
The Company’s management	Manages key risks and regularly monitors the risk management system
Internal Audit and Internal Control units	Assess risk management performance and advise on improvements
Senior Risk Manager and Risk Management units	Build, monitor, and maintain the risk management system
Business units and employees	Manage risks within their areas of responsibility

Risk management interactions within Rostelecom Group¹



¹ The Company's management is involved in the activities of the Risk Management Committee as risk owners and risk mitigation owners. The Committee has 12 members (President, First and Senior VPs, VPs, Senior Risk Manager, and non-voting Chief Auditor). The President of PJSC Rostelecom is the Committee Chairman.

² Subject to changes depending on the organisational structure of a specific subsidiary or affiliate.

³ If applicable.

Integration of risk management with the Company's cross-functional processes

Risk management is linked to strategic planning, budgeting, the implementation of investment projects and products, as well as other cross-functional processes at the Company.

Strategic planning

When developing strategic plans, risks affecting the achievement of strategic goals are identified and analysed, and simulation modelling is carried out.

Budgeting

Analysis and acknowledgement of risks associated with non-achievement of key financial KPIs, and their simulation modelling.

Investment planning for projects and products

Analysis and acknowledgement of project and product risks associated with non-achievement of target NPV and other indicators, and their simulation modelling followed by the development of risk mitigation measures.

Procurement procedures

Detailed review and acknowledgement of risks when selecting suppliers and contractors, followed by the monitoring of key indicators on an interactive dashboard.

Training

Training and upskilling programmes are run on a regular basis for employees involved in risk management. A link to the Fundamentals of Risk Management course, which is available to all Rostelecom employees, can be found at the web page of the Corporate Online University.

RISKS OF ROSTELECOM GROUP

Information is not disclosed in accordance with the Decree of the Government of the Russian Federation No. 1102 as of 4 July 2023.

Risk management activities

Rostelecom's Risk Management Committee reviews individual cases and approves measures and responses. The Senior Risk Manager oversees the implementation of the Committee's resolutions.

Measures to be taken are designed in line with the SMART¹ criteria.

Responses are selected based on viability: implementation costs should not exceed the expected reduction of damage caused by a risk event.

Sustainability risk management

Apart from managing the above-mentioned risks, Rostelecom also considers sustainability risks.

HSE risks

To minimise these risks, Rostelecom approved an HSE and fire safety policy, which outlines the key objectives, principles, and focus areas to create safe working conditions, keep all employees safe and healthy, and ensure industrial, fire, and environmental safety.

Throughout 2022, Rostelecom continued its efforts to ensure the health and safety of employees. The Company provided them with personal protective equipment, regularly disinfected its operating facilities, and moved most office staff to work from home. These risks are monitored in line with the Company's business plan.

Anti-corruption risks

The Company includes corruption risk in the risk category that comprises risks of legal violations, fines, and financial or reputational losses. Rostelecom tracks indicators related to identified affiliate relationships, completion of anti-corruption training, and submission of declarations by employees in positions exposed to a higher corruption risk.

Risk of skilled personnel shortage

Potential brain drain from Russia will be the key risk factor in 2023. Rostelecom's HR strategy until 2025 focuses on building IT capabilities and boosting digital literacy. Training and upskilling certification under digital skills programmes was the relevant risk indicator tracked by the Company in 2022. This risk indicator will also be carried over to 2023.

¹ Specific, Measurable, Achievable, Relevant, and Time-Bound.

5.1.8. RESPONSIBLE SUPPLY CHAIN

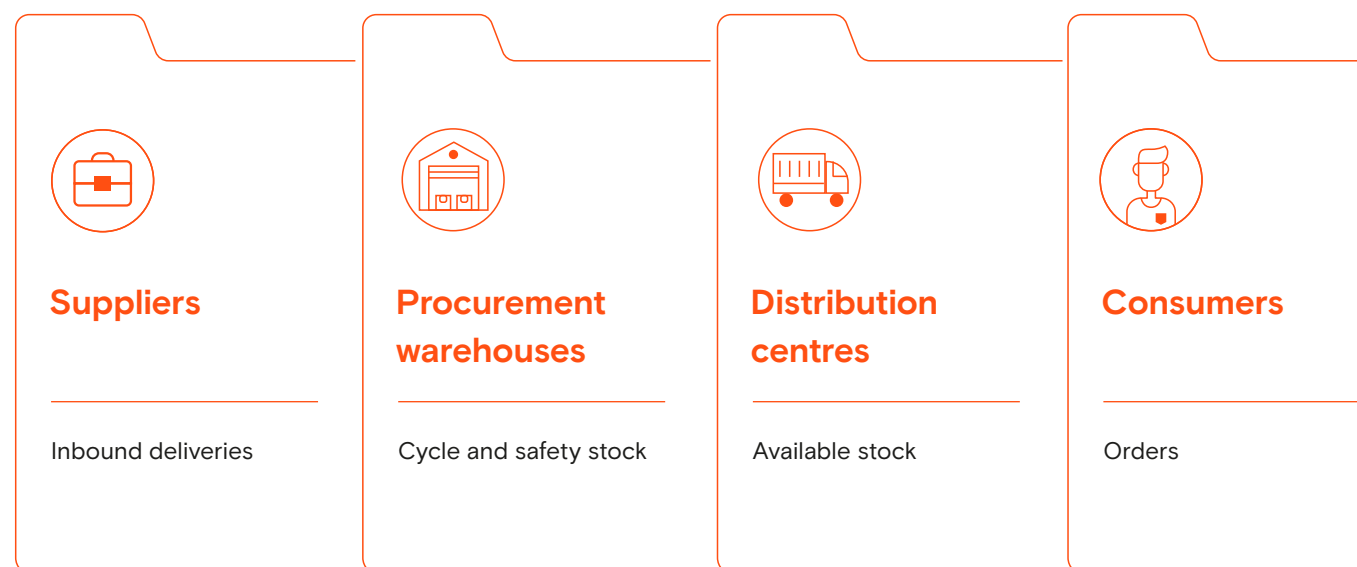


Amid the volatility of 2022, Rostelecom demonstrated a responsible approach to supplier engagement and successfully adapted its supply chain to the new environment. At the same time, the Group has remained committed to its principles and seeks to cooperate only with reliable partners who embrace integrity, fairness, and transparency.

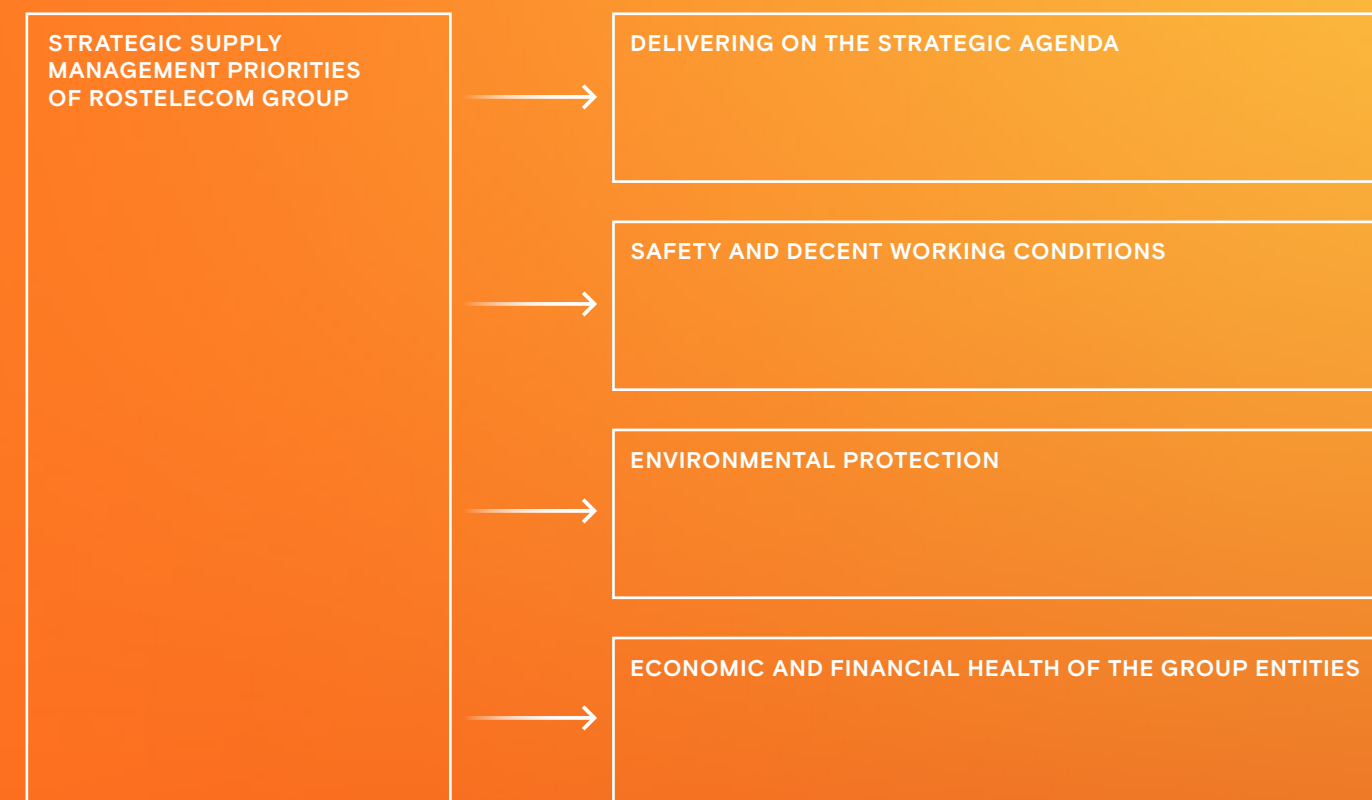
Across the country, the Group selects suppliers that meet stringent standards of environmental protection, occupational safety, and human rights.

Rostelecom considers supply chain management an important dimension of business development and tracks its products and services throughout their entire lifecycle. In a challenging economic environment, the Company strives to boost its supply chain performance and stakeholder satisfaction.

Elements of PJSC Rostelecom's supply chain



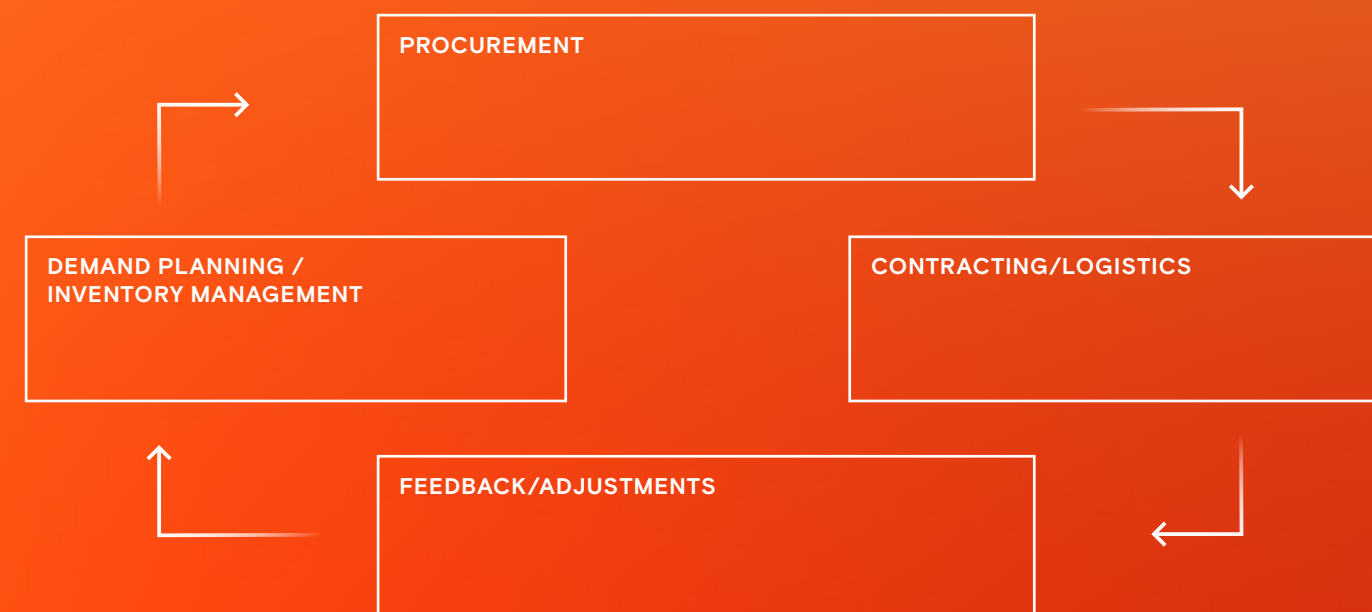
Rostelecom assesses its ESG impact in the value chain. Using a responsible approach to inventory and logistics management helps us reduce our environmental footprint.



Top procurement priorities:

- Transparency and openness of the procurement cycle
- Competitive procurement
- Implementation of the import substitution strategy
- Support and development of small and medium-sized enterprises (SMEs)

Procurement process at Rostelecom Group



Procurement activities at PJSC Rostelecom are governed by:

- Federal Law No. 223-FZ, On Procurement of Goods, Works and Services by Certain Types of Legal Entities, dated 18 July 2011 (as amended and supplemented)
- PJSC Rostelecom's Regulations on Procurement
- PJSC Rostelecom's Code of Supplier Business Ethics.



5.3

participants
in procurement
procedures on average

Logistics and procurement strategy

Rostelecom’s logistics and procurement strategy is focused on improving operational efficiency and service level for customers. To this end, we automate and centralise our operations while implementing digital technologies, outsourcing non-core functions, and developing our employees.

Business digitisation requires continuous supply chain optimisation and transformation. Rostelecom leverages e-procurement platforms to procure goods and services. This approach is in line with Russian laws and is transparent to stakeholders.

Information on all purchases of the Company is available on the websites of Roseltorg’s and Gazprombank’s e-procurement platforms.

In 2022, Tatyana Karaseva, Chief Procurement Officer at PJSC Rostelecom, won the Top 1,000 Russian Managers award in the Best Chief Procurement Officer category.

Key procurement initiatives

In 2022, Rostelecom faced unprecedented pressure from sanctions as supplies of telecommunications equipment and software were cut and foreign vendors refused to provide services and products. The Company overcame these challenges by creating the necessary resources and contracting new equipment suppliers, especially those supplying equipment of Russian origin.

Key outcomes of improvements made to procurement and operations logistics in 2022

Initiative	Outcome
The integration of contract support processes from submitting purchase orders to preparing payment invoices was completed	Transaction processing was accelerated
Warehouse and transport logistics were combined into a single centre of excellence	Transaction costs were reduced Improved internal customer experience was maintained
Smaller purchases were centralised and switched to e-commerce	Smaller purchases were made more transparent and faster: Average duration of a procurement procedure – 1.8 business days Average number of participants – 5.3
Tools were introduced to convert a need request into a template ready for uploading to Gazprombank’s e-procurement platform, with an option of using the template to upload general information from a supply need request	Specification upload time was reduced by 90 % Total publication time was reduced by five times 10 times more rows than before the builder was introduced can now be processed over the same time

In 2022, Rostelecom won the Guaranteed Transparency award of the National Procurement Transparency Rating. The single most important rating factor was compliance with the standards of procurement transparency and cost-effectiveness.

- In 2022, the Company also adopted customer-centric tools across its procurement units:
- Surveys of procurement initiators and bottleneck analysis based on survey results
 - Workshops held for sourcing buyers, financial responsibility centres, and counterparties
 - Involvement of customers in the procurement process
 - Automation of the procurement status notification process
 - The helpme service, a procurement one-stop shop

Rostelecom monitors compliance of its procurement activities with legal requirements. We have launched a centralised process to control compliance with local content quotas in procurement in accordance with Resolution of the Russian Government No. 2013, On the Minimum Content of Russian Goods in Procurement, dated 3 December 2020. The Company also monitors the share of SMEs in its procurement, including procurement of innovative products.

In 2022, Rostelecom continued to develop its corporate online store. Currently, the value of purchases via the online store can reach up to RUB 3 million. The total volume of small purchases through this channel has hit 82%, with the competition level for procurement via the corporate online store at five bidders per contract and the order placement time averaging 2.6 days.

Procurement results

In 2022, the Group worked with 41,325 counterparties. The total cost of products and services procured by Rostelecom Group was RUB 564 billion, including RUB 452 billion for PJSC Rostelecom.

One of the Company’s main procurement principles is to maintain intense competition between suppliers, including SMEs. In 2022, the average number of bidders in our competitive tenders remained almost flat year-on-year at 2.7, demonstrating the effectiveness of our procurement procedures.

6,679

procurement
procedures completed
in 2022

34

thousand contract
documents posted
by the contract
management function

27

days – average
competitive
procurement time

Main categories of goods and services procured by PJSC Rostelecom

Category	Value in 2022, RUB m	Proportion in PJSC Rostelecom procurement, %	
		2021	2022
Commercial services	149,850	32	33
Network equipment	96,257	13	21
IT	75,767	16	17
Construction	72,980	24	16
Administrative services	56,701	15	13
Total	451,555	100	100

Domestic products accounted for 59% of all radio and electronic equipment procured in 2022, or RUB 16.6 billion.



Key requirements for suppliers

Rostelecom's requirements for suppliers are documented and are published when announcing procurement procedures. They are also included in notices, procurement documents, and technical specifications.

- **Statutory and regulatory requirements.** Our terms of reference contain information on mandatory and desirable requirements for products and services and take into account statutory and regulatory aspects.
- **Financial stability of suppliers.** Procurement documents take into account whether potential suppliers have bankruptcy signs, outstanding taxes or charges, or whether their top managers have criminal records.
- **Assessment of qualifications and risks.** As part of procurement procedures, Rostelecom analyses supplier qualifications, risk of default, bid conformity to the Company's requirements as well as experience and qualifications of the counterparty's workforce.
- **Goodwill check.** The Company's due diligence on a potential counterparty includes checks into their business reputation, integrity, and solvency.
- **Anti-corruption clauses.** All contracts with suppliers must include an anti-corruption clause.
- **Monitoring environmental compliance.** Rostelecom monitors environmental compliance by suppliers in performing and delivering their jobs.

PJSC Rostelecom's Code of Supplier Business Ethics defines mandatory ESG criteria for its counterparties in the following areas:

- **Product, work, and service quality**
- **Environmental protection**
- **Occupational health and safety**
- **Protection of employee rights**

The Code is publicly available at:

<https://nocorruption.old.rt.ru/?action=documents&category=2>

Feedback from suppliers

Universal hotline:

zakupki.rostelecom.ru

Dedicated hotline for SMEs:

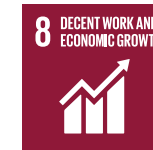
mzp@rt.ru

Several hotlines are available for suppliers to contact PJSC Rostelecom on planned or current procurements and provide feedback or complaints about completed procurements.

In 2022, queries submitted by suppliers to Rostelecom primarily concerned:

- participation in the Company's SME Partnership Programme
- the procedure for and other information on inclusion in the domestic product register
- fraudulent actions by third parties on behalf of the Company.

Support for small and medium-sized enterprises



Rostelecom supports the national SME development policy, with an SME Partnership Programme in place. In addition, in December 2022, the Company developed and approved its SME Development Programme.¹

These initiatives enable improved engagement with new qualified suppliers, service providers, and contractors from among SMEs as well as support the development of SMEs and emphasise the replacement of imports with domestically produced goods.

For more details on PJSC Rostelecom's SME Partnership Programme goals and targets, see: www.zakupki.rostelecom.ru/msb

145

RUB bn total value of contracts with SMEs in 2022

In 2022, contracts with SMEs had a total value of RUB 145 billion and accounted for 55% of the total number of contracts, vs 59% in 2021. The aggregate value of contracts awarded to SMEs through special procurement procedures amounted to RUB 52.2 billion, or 20% of Rostelecom's total procurement in 2022.

To foster supplier engagement, Rostelecom holds special educational events for its suppliers. In 2022, through a partnership with Russian Small and Medium Business Corporation (RSMB Corporation), the Company held a series of workshops on SME participation in procurement in line with Federal Law No. 223-FZ, On Procurement of Goods, Works and Services by Certain Types of Legal Entities, dated 18 July 2011.

The workshops mainly covered the following topics:

- Details and procedures of procurement by large customers
- SME participation in procurement under this law
- Compliance with anti-corruption legislation and ethical business practices
- Existing financial and non-financial SME support programmes

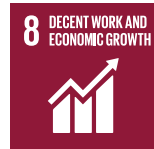
In 2022, 20 workshops were held, covering 2,065 SMEs. The events were held in Saint Petersburg, Krasnodar, Perm, and other regional centres of the Russian Federation.

Results of workshops held in 2022

District	Workshop participants	Number of workshops
Volga Federal District	404	3
Northwestern Federal District	124	1
North Caucasian Federal District	95	1
Siberian Federal District	161	1
Urals Federal District	98	1
Central Federal District	75	1
Southern Federal District	208	3
Russia (workshops for self-employed and workshops under accelerator programmes)	900	9
Total	2,065	20

¹ In accordance with Federal Law No. 209-FZ, On Developing Small and Medium-Sized Enterprises in the Russian Federation, dated 24 July 2007, and Resolution of the Russian Government No. 2008, On Approving the Format of the Programme for Developing Small and Medium-Sized Enterprises, dated 8 November 2022.

Responsible business practices



Rostelecom is committed to the principles of openness, transparency, and integrity. The Company and all its employees are required to comply with the anti-corruption laws as well as the principles of ethical business conduct.

Key regulations on anti-corruption compliance procedures:

- Anti-corruption Policy¹
- Code of Ethics²
- Code of Supplier Business Ethics
- Regulations on the Conflict of Interest Management
- Regulations on Giving and Receiving Gifts
- Regulations on Donations and Charitable Giving
- Regulations on Receiving and Processing Reports Received via Feedback Channels

The procedures ensuring compliance with the anti-corruption laws are set out in the Company's business process regulations.

Similar documents and compliance processes are implemented at subsidiaries and affiliates in which PJSC Rostelecom's effective interest is above 50%.

Key anti-corruption focus areas in 2022:³

- Employee training
- Feedback channels
- Management of conflicts of interest
- Subsidiary relations

No confirmed cases of corruption or bribery were reported across the Group in 2022.

Council for Business Transparency

Rostelecom cooperates with the government and non-governmental organisations on anti-corruption and has a Council for Business Transparency in place, which had two meetings in 2022.

The Council includes representatives of the Russian Ministry of Digital Development, Communications and Mass Media, the Chamber of Commerce and Industry, electronic trading platforms as well as members of the media and anti-corruption non-governmental organisations. The Council reviews matters related to the implementation of anti-corruption measures and procurement transparency as well as statistics on received reports, including those on suspected corruption.

Asset Protection Department (compliance)

Key roles

- Updating corporate culture in terms of preventing and combating corruption, preventing embezzlement and conflicts of interest, and compliance with ethical standards
- Analysing and monitoring the activities of the Company and its subsidiaries and affiliates related to asset protection
- Maintaining a whistleblowing hotline and an anti-corruption portal

Key 2022 results

- For the third year in a row, Rostelecom topped the national Anti-corruption Ranking of Russian Business, receiving the highest rating class, A1, from RSPP experts.¹
- The Company's 2022 compliance programme was developed and implemented
- A number of internal documents were updated, including:
 - PJSC Rostelecom's Regulations on the Conflict of Interest Management
 - Rostelecom Group's Regulations on Receiving and Processing Reports Received via Feedback Channels
 - PJSC Rostelecom's Regulations on Giving and Receiving Gifts
 - PJSC Rostelecom's Procedure for Reporting Cases When an Employee Is Incited to Commit Corruption Offences, and for Reviewing Such Reports
 - PJSC Rostelecom's Procedure for Organising and Conducting Training on Preventing Corruption
 - Procedure Rules on the Anti-corruption Business Process
- The conflict of interest provisions were updated in the Regulations on the Board of Directors, the Regulations on the Audit Commission, and the Regulations on the President
- A total of 132 internal documents, contracts, agreements, and administrative documents passed an anti-corruption review and was approved
- Compliance training was successfully taken by more than 8,000 employees
- Anti-corruption programmes were further rolled out at the Group's new subsidiaries and affiliates (15 companies) in which Rostelecom's cumulative interest is above 50%. Regular support was provided to the subsidiaries and affiliates that adopted an anti-corruption programme earlier (more than 80 companies)

Dedicated officers responsible for countering money laundering, the financing of terrorism, and the financing of the proliferation of weapons of mass destruction

Key roles

Mitigating the risk of the Company being involved in money laundering and the financing of terrorism

Key 2022 results

In 2022, following the remote monitoring of the internal control system for countering money laundering, the financing of terrorism, and the financing of the proliferation of weapons of mass destruction, the Federal Financial Monitoring Service (Rosfinmonitoring) and the Federal Service for Supervision of Communications, Information Technology and Mass Media (Roskomnadzor) assigned PJSC Rostelecom the lowest, "green" level of risk of being involved in money laundering and the financing of terrorism. Based on that score, Roskomnadzor didn't include Rostelecom in its annual inspection schedule, which substantially reduces the risk of regulatory penalties in 2023.

Interactions with counterparties

The Company is committed to engaging only those counterparties that demonstrate legal compliance and adhere to anti-corruption laws. To develop the business relations with counterparties supporting Rostelecom's Anti-corruption Policy and demonstrating zero tolerance for corruption, the Company approved its Code of Supplier Business Ethics and an anti-corruption clause that allow the Company and its subsidiaries to terminate a contract when the counterparty was found to have breached the commitment to refrain from any actions prohibited by anti-corruption laws. The clause is included in all expenditure contracts exceeding RUB 500 thousand.

To raise the awareness of business partners about anti-corruption legal requirements and Rostelecom's ethical standards, the Company developed an interactive distance learning course for contractors and suppliers, to be launched in 2023.

¹ For more details on Rostelecom's Anti-corruption Policy, see the Company's website at www.company.rt.ru/en/ir/corporate_governance/docs/.

² For more details on Rostelecom's Code of Ethics, see the Company's website at www.company.rt.ru/en/ir/corporate_governance/docs/.

³ For more details on Rostelecom's other anti-corruption focus areas, see Appendix 2, Governing and Control Bodies, to this Annual Report.

¹ rspp.ru/upload/content/99b/6vyf82hv6o5kx7yzgf4a6z7htr82towc/ltogovyy-doklad-2022.pdf

Employee training

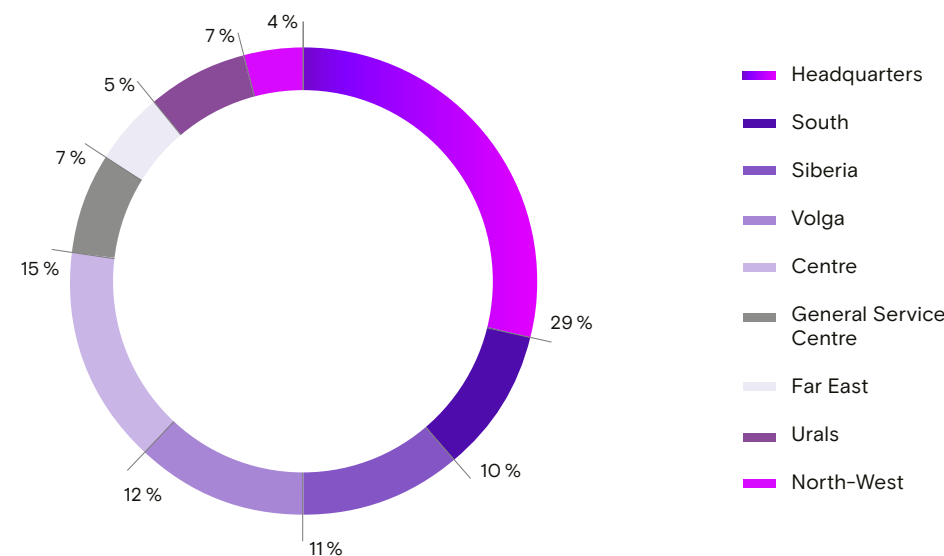
GRI
(205-2)

All Rostelecom employees are made aware of the anti-corruption policies and procedures when they are hired. When anti-corruption procedures are amended, the updated documents are sent out to all employees who have workstations with access to the Company's electronic document management system.

Rostelecom holds regular anti-corruption trainings for its employees. All new employees who have a workstation take a mandatory online induction course on the key principles set out in the Code of Ethics.

Over the year of 2022, more than 7,500 employees took online training on the Code of Ethics and about 4,500 – on anti-corruption measures.

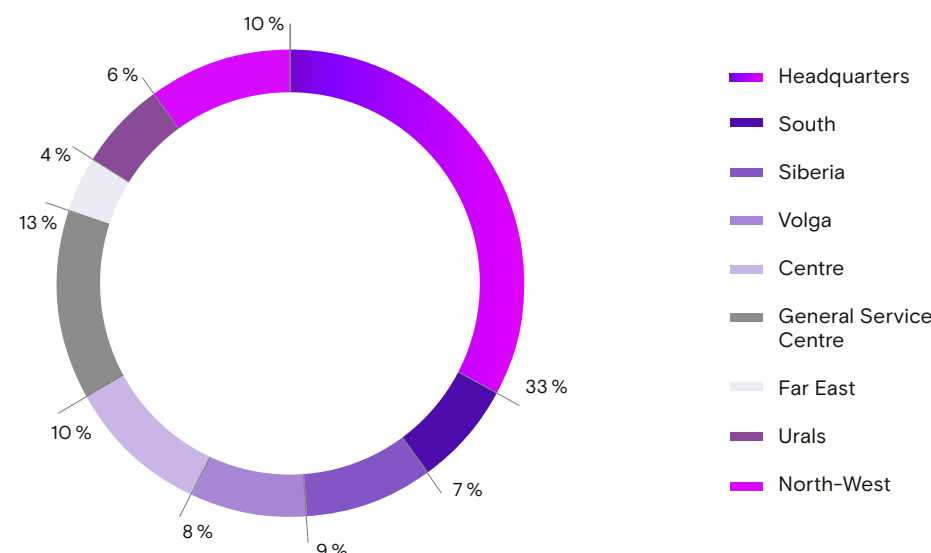
Employees who took the Code of Ethics online course in 2022, by Company unit, %



Every subsidiary and affiliate of the Group builds its own anti-corruption training processes based on the materials provided by the Company.

A Corruption Prevention course (both classroom and online versions) has been developed for Rostelecom employees in positions exposed to an increased corruption risk.

Employees who took the Preventing and Combating Corruption online course in 2022, by Company unit, %



GRI
(2-16)

Feedback channels for reporting violations of the Anti-corruption Policy and the Code of Ethics:

Anti-corruption portal
(in Russian):
www.nocorruption.rt.ru

Whistleblowing hotline:
8 (800) 1-811-811

Ethics Hotline:
ethics@rostelecom.ru

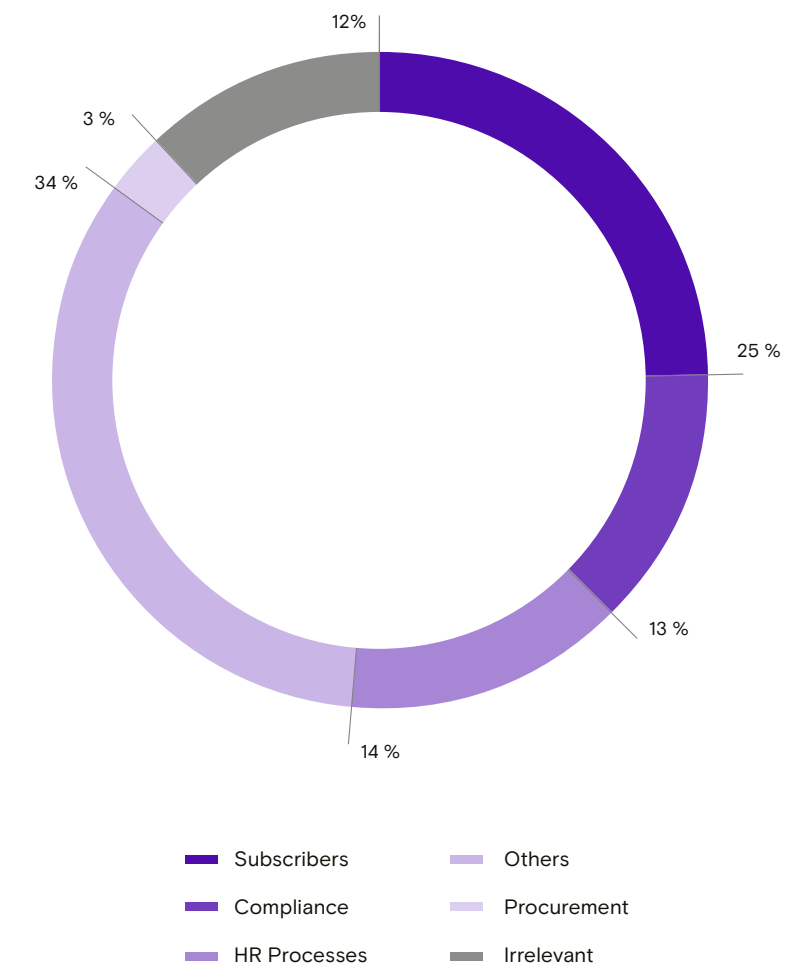
Feedback channels

In line with Rostelecom's existing strategy of digital coverage of anti-corruption efforts, a dedicated anti-corruption portal (www.nocorruption.rt.ru, in Russian) is in place and is constantly evolving. The portal comprises Rostelecom's anti-corruption internal regulations, compliance tests for employees and suppliers, materials on preventing and combating corruption, and information on all feedback channels that can be used to report instances of corruption.

Since 2020, the reports received via Rostelecom's whistleblowing hotline and anti-corruption portal have been recorded, processed, and addressed automatically by the Reports module of the Compliance Control system. The system uploads reports received via the feedback channels, enables users to track response deadlines and provide timely feedback to whistleblowers, monitor the performance of the units responsible for handling reports, and generate reports.

In order to protect anonymous whistleblowers, the anti-corruption portal's functionality enables reporting without revealing the whistleblower's name and e-mail. Whistleblowers can receive feedback from the compliance team on the status or outcome of their report using the PIN generated by the system when the report is recorded.

Topics of reports received via the whistleblowing hotline and anti-corruption portal in 2022, %



GRI
(2–15)

Conflict of interest management

Since 2018, Rostelecom has used an automated Compliance Control system to resolve conflicts of interest.

Since 2018, Rostelecom has used an automated Compliance Control system to resolve conflicts of interest. Rostelecom employees with a conflict of interest as well as employees in positions exposed to an increased corruption risk regularly complete electronic declarations. Using pre-determined criteria, the system automatically identifies employees who should submit declarations and monitors the timely completion of declarations by these employees, thus eliminating the human factor from mandatory disclosures.

In the year of 2022, we continued addressing the risk of employees not filing a declaration or having affiliation with business partners. This risk is included in Rostelecom’s Risk Management Programme.

Structuring anti-corruption efforts at PJSC Rostelecom’s subsidiaries and affiliates

In 2022, Rostelecom continued to roll out anti-corruption programmes at new subsidiaries and affiliates (15 companies) in which the Company’s cumulative interest is above 50 %. For these subsidiaries and affiliates, Rostelecom develops roadmaps for rolling out anti-corruption programmes, including:

- adjustments to Rostelecom’s standard anti-corruption regulations
- assessment of corruption risks
- implementation of controls
- management of conflicts of interest
- anti-corruption training
- handling reports received via feedback channels.

15

NEW SUBSIDIARIES AND AFFILIATES COVERED
BY ANTI-CORRUPTION PROGRAMMES IN 2022

The expenditure contracts signed by the subsidiaries and affiliates also contain an anti-corruption clause, which allows them to terminate a contract when the counterparty was found to have breached the commitment to refrain from any actions prohibited by anti-corruption laws.

Measures to counter the legalisation of proceeds of crime, the financing of terrorism, and the financing of the proliferation of weapons of mass destruction



PJSC Rostelecom fully implements internal controls to counter the legalisation (laundering) of proceeds of crime, the financing of terrorism, and the financing of the proliferation of weapons of mass destruction.

The year of 2022 saw significant legislative changes aimed at improving the system of countermeasures, taking into account the risk-based approach. In particular, telecom operators are now required to monitor financial transactions (receipts or payments) of non-profit organisations regardless of the amount, the return of advances over RUB 100 thousand, and transactions by persons on Rosfinmonitoring’s lists.

Rostelecom developed measures to support the daily monitoring of potentially suspicious financial transactions by subscribers and to identify transactions subject to mandatory monitoring. The Company is streamlining and automating the procedures to control user identification, assess subscriber-related risks, identify transactions subject to monitoring, and submit mandatory reports to Rosfinmonitoring.

5.1.9. PROTECTION OF HUMAN RIGHTS



Protecting and respecting human rights are foundational to Rostelecom’s operations.



Human rights are protected by Russian and international law and promoted by the following corporate regulations:

- Russian labour law
- PJSC Rostelecom’s Code of Ethics
- UN Global Compact principles
- Universal Declaration of Human Rights
- ILO Declaration on Fundamental Principles and Rights at Work
- UN Guiding Principles on Business and Human Rights

The Group is committed to protecting and respecting human rights and assesses its risks and impact in this area. We inform our staff and contractors about the Company’s standards, principles, and regulations for performing all business processes with integrity.

PJSC Rostelecom and all of its subsidiaries and affiliates have zero tolerance for discrimination against employees in labour rights and freedoms, or benefits on grounds of:

- gender, race, colour, ethnicity, language, origin, age, place of residence, religious views, beliefs, membership in (or failure to join) particular civic associations or social groups
- material, marital, social, or official status
- any other circumstances unrelated to the employee’s professional performance.

Rostelecom provides employees with equal opportunities in recruitment, hiring, evaluation, promotion, development, training, discipline, and compensation. Mutual respect and trust in each other are foundational to the Company’s corporate culture.

PJSC Rostelecom has in place a collective bargaining agreement to make sure our employer-employee relationships are based on the principles of social partnership, which seeks to improve Rostelecom’s operational efficiency and protect social and labour interests of employees. The collective bargaining agreement sets out the approaches that have been aligned between the parties across social, labour, and associated relations, pay and working conditions, working hours, social and labour guarantees, and benefits.

PJSC Rostelecom’s Code of Ethics sets out the employees’ right to engage in political, educational, charitable, or community activities unless they impact the performance of their jobs or contradict the Group’s interests. Rostelecom does not restrict the right of its employees to form or join any non-governmental organisations that represent their interests.

All Rostelecom employees and contractors take training on human rights. The Company monitors and evaluates employee achievements in this area to ensure that human rights are respected across all levels.

An effective grievance mechanism is an important tool in protecting human rights. Our employees can report violations of their rights via any feedback channel available at the Company (for more details, see the Responsible Business Practices section).

Rostelecom has zero tolerance for the use of child and forced labour, or infringements on the rights of indigenous minorities. The Company calls on all its partners and suppliers to observe and respect human rights by complying with all relevant laws and ethical principles.

Rostelecom is also committed to upholding and protecting human rights for society. The Company has in place Digital Equality, an integrated social programme geared to safeguard human rights and freedoms, including the right to information. The Group strives to achieve a high information security level that will protect private life, personal and family privacy and ensure security of restricted information.



06 APPENDICES

6.1. About the Report

GRI
(2-2)

GRI
(2-3)

GRI
(2-4)

Rostelecom Group’s Sustainability Report 2022 (the “Report”) is the twelfth public non-financial report prepared by PJSC Rostelecom and targeted at a diverse range of stakeholders. The Report describes the Company’s activities from 1 January 2022 to 31 December 2022. It covers important events that occurred after the reporting period but are closely connected to it as well as Rostelecom Group’s plans for the medium term.

We adhere to an annual reporting cycle, with the previous Report issued in 2022 and detailing our performance in the 2021 reporting year.

Rostelecom improves its reporting process and strives to present detailed information on its performance to stakeholders. The Report has been prepared in accordance with the Sustainability Reporting Standards of the Global Reporting Initiative (the GRI Standards). The Report also complies with:

- key provisions of Directive 2014/95/EU of the European Parliament as regards disclosure of non-financial and diversity information by certain large undertakings and groups,¹ in particular, methodology and information disclosure indicators
- some United Nations Conference on Trade and Development’s (UNCTAD) core indicators for entity reporting on the contribution towards the implementation of the UN SDGs
- AA1000SES Stakeholder Engagement Standard
- UN Global Compact Communication on Progress (CoP) Policy
- ISO 26000:2010, Guidance on social responsibility.

Since 2017, the Company has been reporting its contribution to the United Nations Sustainable Development Goals (UN SDGs) outlined in Transforming Our World: The 2030 Agenda for Sustainable Development that was adopted in 2015. This approach was incorporated in this Report as well.

The 2022 Report preparation was coordinated by PJSC Rostelecom’s External Communications Department and involved the Group’s key business units. The Sustainability Report is available to stakeholders in Russian and English in print and digital.

¹ 3’2’Directive 2014/95/EU on disclosure of non-financial and diversity information.

Report structure

The aim of this Report is to provide stakeholders with the most material information on the economic, environmental, and social aspects of Rostelecom’s operations.

The Report focuses on the following areas of Rostelecom’s business:

- Development strategy and business model
- Corporate governance
- Risk management, including sustainability risks
- Supply chain management and supplier engagement
- Business ethics, human rights, and anti-corruption
- Sustainability management system
- Stakeholder engagement
- HR management, employee development, training, and engagement
- Cooperation with the public education system
- Occupational health and safety
- Support and development of local communities in the Company’s regions of operation
- Environmental protection and energy efficiency improvement
- Provision of high-quality, affordable, and safe products and services

The Report uses references to PJSC Rostelecom’s Annual Report 2022 and corporate website, which makes the Report more informative and easier to read.

Report boundaries

The Report is published by Rostelecom Group (the “Group”, “Rostelecom Group”, “Rostelecom”, “we”) and discloses the most material sustainability performance indicators of PJSC Rostelecom (“Rostelecom”, the “Company”), its regional branches, and key subsidiaries and affiliates.

The 2022 Report covers the Group’s most material economic, environmental, and social impacts.

The environmental protection and HR management indicators presented in this Report include sustainability data for PJSC Rostelecom and the Group’s most significant subsidiaries and affiliates.

Unless stated otherwise in a note, all data for 2018–2022 in this Report have the same scope for all periods and include indicators for all key subsidiaries and affiliates covered in this Report, regardless of their consolidation date.

The Company’s legal address: 15 Dostoevskogo St., Saint Petersburg, 191002, Russian Federation

Reporting principles

When determining the Report’s content, Rostelecom Group was guided by the GRI Standards. An appendix to the Report features a GRI Compliance Table.

The comments and recommendations of the RSPP Council on Non-financial Reporting, which had been received following the assurance of the 2021 Sustainability Report, were considered during the preparation of the Report.

Material topics

- Indirect economic impacts
- Markets and competition
- Providing quality, affordable services
- Contribution to the development of the Company’s regions of operation
- Employee development
- Rollout of innovations
- Employment
- Health and safety
- Responsible business practices and anti-corruption
- Responsible procurement
- Safe internet
- Economic performance
- Energy consumption

Material topics

- When determining material topics to cover, we were guided by the GRI Standards and took the following steps:
- The working group for the Report preparation with the involvement of subject experts in non-financial reporting, corporate social responsibility, and sustainability put together a list of significant impacts related to the Company’s operations.
 - We assessed significant impacts based on an online survey of management and key stakeholders according to the following two criteria:
 - o The significance/severity of Rostelecom’s impact – the impacts were divided into three groups (moderate, major, or critical impact)
 - o The remediability/irremediability of negative impact – the impacts were also divided into three groups (reversible, difficult and expensive to compensate, or irreversible)
 - Based on the survey results, we prepared a list of Rostelecom’s most significant impacts

In the reporting period, in addition to the above-mentioned stakeholder engagement tools, Rostelecom held a dialogue with key stakeholders. In the future, we plan on further developing our approach to incorporating stakeholder views in our reporting.

Principles for defining report quality

- The following principles of the GRI Standards were applied during the preparation of the Report:
- Balance. The Report reflects both the positive and negative aspects of the organisation’s performance to enable substantiated evaluation of the overall performance
 - Comparability. The information in the Report is presented in such a way as to enable stakeholders to track changes in the organisation’s performance over time and to benchmark against other organisations
 - Accuracy. All material topics are disclosed in detail so that the stakeholders can evaluate the Group’s performance. All data are officially recognised by Rostelecom Group and are confirmed by internal and publicly available documents
 - Clarity. The information in the Report is presented in a form that is clear to stakeholders who have the necessary understanding of the organisation and its activities
 - Completeness. The Report provides sufficient information to assess the Company’s impacts during the reporting period
 - Context of sustainable development. The Company reports on its impact in the broader context of sustainable development
 - Verifiability. Information is collected and presented in the Report so that it can be verified
 - Timeliness. The Report contains information for 2022 and is published in 2023

Internal procedures to ensure quality and accuracy of the Report

Rostelecom Group has an internal reporting system in place and has designated the units responsible for the collection and provision of consolidated data on every aspect of the Group’s key sustainability dimensions. Their scope of responsibility includes the quality and accuracy of both qualitative (text) and quantitative information.

SASB Standards

In a first for the Company, Rostelecom applied Sustainability Accounting Standards Board (SASB) Standards during the preparation of its 2022 Sustainability Report. Eight metrics for the Internet Media and Services, Telecommunication Services, and Software and IT Services industries are disclosed in the Report. For more details on the disclosed indicators, see the SASB Indicators Table appendix.

The Company will consider increasing disclosure of SASB metrics in the future.

Public assurance of the Report

This document was assured by an independent party – the RSPP Council on Non-financial Reporting.

We will take into account RSPP’s recommendations and comments received during the public assurance of the 2022 Report and incorporate them into our future reports.

Disclaimer Regarding Forward-Looking Statements

This Report contains information on PJSC Rostelecom’s plans and intentions for the medium and long term. These plans and intentions are forward-looking and may be influenced, inter alia, by a range of economic, political, and legal factors beyond the Company’s control (the global financial, economic, and political situation, the situation in key markets, changes in tax, customs, and environmental legislation, etc.). Consequently, actual performance in future years may differ from the forward-looking statements published in this Report.

6.1.1. KEY PERFORMANCE INDICATORS

Rostelecom Group's total environmental protection expenditures and investments, RUB thousand

	2020	2021	2022
Landfill disposal fees for municipal solid waste	95,561	95,237	112,246
Disposal/neutralisation fees for non-landfill wastes	9,951	9,364	9,389
Environmental charges for air pollution	415	441	425
Environmental charges for water pollution	33.2	13.7	6.6
Environmental charges for waste landfill	6,598	2,174	2,894
Third-party fees for drafting an environmental charge declaration	614	1,862	17
Permit/licence fees and duties	72.5	7.5	214
Fees for emissions inventory, the development of maximum allowable emissions limits, obtaining air pollution permits	16,070	7,630	684
Fees for inventory of waste sources, the development of draft waste generation rates and disposal limits, obtaining approvals for waste generation rates and disposal limits	–	89	0
Expenses related to obtaining subsoil licences (for wells) (excluding duties)	1,652	667	205
Employee training and upskilling	1,889	906	357
Expenses related to setting up separate waste collection (procurement of containers, setting waste collection sites, waste sorting, etc.)	1,398	840	1,710
Expenditures on area improvements and urban greening	5,158	2,927	2,757
Expenditures on air pollution control and climate change mitigation (filter installation and repairs, air sampling and analysis, developing adverse weather conditions action plans, etc.)	9,032	6,863	6,876
Expenditures on surface water and groundwater pollution control and wastewater treatment (renovation and refurbishment of water treatment facilities, water well reconstruction and liquidation, cleaning of river beds, setting up sanitary protection zones around water bodies and wells, etc.)	2,898	90	4,397
Expenditures on soil contamination control (sampling, decontamination, reclamation, etc.)	77.8	86.0	0
Expenses on wastewater laboratory testing	1,910	1,605	1,186
Expenses on groundwater laboratory testing	2,105	2,008	2,764

	2020	2021	2022
Expenses related to the development and approval of draft projects to establish buffer zones and sanitary water protection zones	10,861	14,560	10,352
Fees for official registration of facilities affecting the environment	1,449	543	0
Fees for the development of environmental operational control programmes and progress reports	3,481	2,333	449
Fees for waste certification	386	343	980
Noise measurements at the borders of buffer zones in line with the monitoring programme	47.6	0	22.9
Setting up temporary waste accumulation sites, purchasing containers	1,388.0	76.1	1,628
Developing projects to implement measures aimed at reducing pollutant emissions in the periods of adverse weather conditions, obtaining information on adverse weather conditions	717	1,580	79
Other	244	11,657 ¹	14,829 ²
TOTAL	174,008	163,903	174,468

Monetary value of significant fines imposed on Rostelecom Group for non-compliance with environmental laws and regulations, RUB thousand

	2020	2021	2022
Monetary value of significant fines	3	228 ³	0

¹ Note: Other includes RUB 10,719 thousand of expenses related to the development and approval of reports and other permits and RUB 838 thousand of expenses related to other focus areas.

² Note: Other includes RUB 14,176 thousand of expenses related to the development and approval of reports and other permits and RUB 653 thousand of expenses related to other focus areas.

³ Note: RUB 58 thousand for officers and RUB 170 for a legal entity.

6.1.2. GRI CONTENT INDEX

Statement of use

PJSC Rostelecom has reported in accordance with the GRI Standards for the period from 1 January 2022 to 31 December 2022

GRI Standard	Disclosure	Location	Omission
GRI 1 Foundation 2021 (no disclosures)			
GRI 2 General Disclosures 2021	2-1 Organisational details	About the Company	-
	2-2 Entities included in the organisation's sustainability reporting	About the Report appendix	-
	2-3 Reporting period, frequency and contact point	About the Report appendix	-
	2-4 Restatements of information	About the Report appendix	-
	2-5 External assurance	Sustainability Report 2022 has passed the public assurance process at the RSPP Council on Non-financial Reporting. For more details, see website: https://www.company.rt.ru/social/report – the Opinion of the RSPP Council on Non-financial Reporting on PJSC Rostelecom's Sustainability Report 2022 Submitted for Public Assurance Purposes	-
	2-6 Activities, value chain and other business relationships	Responsible supply chain	-
	2-7 Employees	Breakdown of employees	Breakdown by region
	2-8 Workers who are not employees	Breakdown of employees	-
	2-9 Governance structure and composition	PJSC Rostelecom's corporate governance structure	Information is partially not disclosed in accordance with the Decree of the Government of the Russian Federation No. 1102 as of 4 July 2023
	2-10 Nomination and selection of the highest governance body	Induction of Board members	-
	2-11 Chair of the highest governance body		Information is not disclosed in accordance with the Decree of the Government of the Russian Federation No. 1102 as of 4 July 2023
	2-12 Role of the highest governance body in overseeing the management of impacts	Board of Directors' and its committees' performance report	-
	2-13 Delegation of responsibility for managing impacts	PJSC Rostelecom's corporate governance structure	-
	2-14 Role of the highest governance body in sustainability reporting	The Board of Directors approves the Sustainability Report	-
	2-15 Conflicts of interest	Conflict of interest management	-
	2-16 Communication of critical concerns	Feedback channels	Total number of calls
	2-17 Collective knowledge of the highest governance body	Induction of Board members	-
	2-18 Evaluation of the performance of the highest governance body	Evaluation of the Board of Directors' performance	-
	2-19 Remuneration policies	Remuneration	-

GRI Standard	Disclosure	Location	Omission
	2-20 Process to determine remuneration		Information is not disclosed in accordance with the Decree of the Government of the Russian Federation No. 1102 as of 4 July 2023
	2-21 Annual total compensation ratio	-	Information is not disclosed in accordance with the Decree of the Government of the Russian Federation No. 1102 as of 4 July 2023
	2-22 Statement on sustainable development strategy	Letter from the President	-
	2-23 Policy commitments	Our approach to sustainability	-
	2-24 Embedding policy commitments	Our approach to sustainability	-
	2-25 Processes to remediate negative impacts	Our approach to sustainability	-
	2-26 Mechanisms for seeking advice and raising concerns	Stakeholder engagement	-
	2-27 Compliance with laws and regulations	Responsible business practices	Number of instances where fines were incurred and number of instances where non-monetary sanctions were incurred
	2-28 Membership associations	Membership of Associations appendix	-
	2-29 Approach to stakeholder engagement	Stakeholder engagement	-
	2-30 Collective bargaining agreements	Protection of employee rights	
201 Economic Performance 2016	201-3 Defined benefit plan obligations and other retirement plans	Social benefits and compensations	-
203 Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Digital Equality integrated social programme Supporting our regions of operation	-
205 Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	Responsible business practices	-
302 Energy 2016	302-1 Energy consumption within the organisation	Energy efficiency	
303 Water and Effluents 2018	303-1 Interactions with water as a shared resource	Water consumption	-
	303-2 Management of water discharge-related impacts		
	303-3 Water withdrawal		
	303-4 Water discharge		
	303-5 Water consumption		
305 Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Emission management	-
	305-2 Energy indirect (Scope 2) GHG emissions		
	305-5 Reduction of GHG emissions		
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant		
306 Waste 2020	306-1 Waste generation and significant waste-related impacts	Waste management	-
	306-2 Management of significant waste-related impacts		
	306-3 Waste generated		

GRI Standard	Disclosure	Location	Omission
	306-5 Waste directed to disposal		
401 Employment 2016	401-1 New employee hires and employee turnover	Breakdown of employees, Social benefits and compensations	Breakdown by region
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees		-
	401-3 Parental leave		
403 Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Ensuring workplace safety	-
	403-2 Hazard identification, risk assessment, and incident investigation		
	403-3 Occupational health services		
	403-4 Worker participation, consultation, and communication on occupational health and safety		
	403-5 Worker training on occupational health and safety		
	403-6 Promotion of worker health	Corporate culture and internal communications	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Ensuring workplace safety	
	403-9 Work-related injuries		The number of hours worked
	403-10 Work-related ill health		-
404 Training and Education 2016	404-1 Average hours of training per year per employee	Employee training and development	-
	404-2 Programs for upgrading employee skills and transition assistance		
	404-3 Percentage of employees receiving regular performance and career development reviews	Remuneration and incentives	
405 Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Remuneration and incentives	-
	405-2 Ratio of basic salary and remuneration of women to men		

6.1.3. UNCTAD INDICATORS TABLE

Area		Indicators	Calculation methodology	Rostelecom Group's performance indicators in 2022
A		Economic indicators		
A.1	Revenue and/or (net) value added	A.1.1. Revenue	IFRS 15	RUB 610.295 billion
		A.1.2. Value added	Revenue less cost of materials, goods, and services purchased (gross value added, GVA)	RUB 382.207 billion
		A.1.3. Net value added	Revenue less cost of materials, goods, and services purchased and less depreciation of tangible assets (net value added, NVA)	RUB 299.262 billion
A.2	Payments to the Government	A.2.1. Taxes and other payments to the Government	The total amount of taxes paid and payable (including income taxes as well as other fees and taxes, such as property tax or VAT) plus any related fines paid, plus any royalties, licensing fees, and other payments to budgets at various levels for a specified period	RUB 137.156 billion (including VAT)
A.3	New investment/expenditures	A.3.1. Green investment	The total cost of the said investments aimed mainly at preventing and reducing pollution and other detrimental effects on the environment, in absolute and percentage terms	RUB 143 million ¹ RUB 143 million These expenditures account for 0.05 % of the Group's net value added in 2022.
		A.3.2. Community investments	The total amount of voluntary/charitable donations and investments (CAPEX and OPEX) in a wider community where beneficiaries are not directly related to the Company, in absolute and percentage terms for the reporting period	The Group has no consolidated records of community investments. Charitable investments, which are part of our external social policy, amounted to RUB 275.36 million in 2022 (0.03% of revenue).
		A.3.3. Total expenditures on research and development	The total expenditures on research and development in the reporting period in absolute and percentage terms	RUB 11.983 billion These expenditures account for 1.9 % of the Group's revenue in 2022.
A.4	Local supplier/purchasing programmes	A.4.1. Percentage of local procurement	The share of the Company's procurement from local suppliers (based on invoices and commitments made by the Company in the reporting period) in percentage and absolute terms	In 2021, Rostelecom's expenditures on local procurement for infrastructure construction amounted to RUB 72.9 billion (15.04 % of the total procurement spending in 2021).
B		Environmental indicators		
B.1	Sustainable use of water	B.1.1. Water recycling and reuse	The total volume of water recycled and/or reused by the Company in the reporting period in absolute and percentage terms	The Company does not recycle or reuse water. Water supplied by public utilities or withdrawn from water supply wells is used in one production cycle and then sent for treatment to public or own sewage systems (in the latter case, after treatment water is discharged into water bodies). For more details, see the E – Environmental section (Water Consumption subsection) of this Report.

¹ The sum of OPEX featured in lines 1, 2, 12, 13, 14, 15, 16, 17, 18, and 24 of the table "Rostelecom Group's total environmental protection expenditures and investments, RUB thousand". For more details, see the Key Performance Indicators appendix to this Report.

Area		Indicators	Calculation methodology	Rostelecom Group's performance indicators in 2022
		B.1.2. Water use efficiency	<p>Water consumption per unit of net value added in the reporting period.</p> <p>Water consumption dynamics per unit of net value added over two reporting periods (where water consumption is defined as water withdrawal plus the total volume of water received from third parties) in percentage and absolute terms and over time (difference)</p>	<p>Water consumption by the Group in 2022 amounted to 1,609 thousand cu m. Water consumption per net value added was 5.38 cu m per RUB 1 million of net value added.</p> <p>Water consumption decreased by 13 % year-on-year in the reporting period.</p> <p>For more details, see the E – Environmental section (Water Consumption subsection) of this Report.</p>
		B.1.3. Water stress	<p>Water withdrawal by source (surface water, groundwater, rainwater, wastewater) specifying regions with water scarcity (as a percentage of relative total water withdrawal) in absolute and percentage terms</p>	<p>The total water withdrawal in 2022 amounted to 1,685 thousand cu m:</p> <p>Groundwater (artesian water) – 141 thousand cu m (8.4 %)</p> <p>Water from public utilities (mainly surface water with a minor share of groundwater) – 1,544 thousand cu m (91.6 %)</p> <p>Rainwater and wastewater are not used.</p> <p>The Group does not operate in regions with water scarcity.</p> <p>For more details, see the E – Environmental section (Water Consumption subsection) of this Report.</p>
		B.2.1. Reduction of waste generation	<p>Waste generation per unit of net value added as a percentage, over time (difference) and in absolute terms</p>	<p>In 2022, 36,014 tonnes of waste were generated. Waste generation per net value added was 0.12 tonnes per RUB 1 million of net value added.</p> <p>Waste generation increased by 8 % year-on-year in the reporting period.</p> <p>For more details, see the E – Environmental section (Waste Management subsection) of this Report.</p>
B.2	Waste management	B.2.2. Waste reused, re-manufactured, and recycled	<p>The total volume of recycled or reused waste in absolute terms, in percentage terms and over time (difference)</p>	<p>In 2022, 11.22 tonnes (0.03 %) of waste generated were reused for own operational needs.</p> <p>Waste reuse decreased by 81,5 % year-on-year in the reporting period (60.5 tonnes in 2021).</p> <p>For more details, see the E – Environmental section (Waste Management subsection) of this Report.</p>
		B.2.3. Hazardous waste	<p>The total amount of hazardous waste in absolute terms as well as the share of treated hazardous waste, considering the total amount of waste declared by the Company (in absolute and percentage terms and over time (difference))</p>	<p>In 2022, a total 25,897 tonnes of Hazard Category 1–4¹ waste were generated (71.9 % of the total waste generated by the Group). In the reporting period, generation of Hazard Category 1–4 waste per net value added was 0.087 tonnes per RUB 1 million of net value added.</p> <p>Treated hazardous waste (environmental Hazard Category 1–4, handed over for neutralisation or recycling) amounted to 3,392 tonnes (9.42 % of the total waste generated).</p> <p>The amount of environmental Hazard Category 1–4 waste handed over for neutralisation or recycling increased by 52.4 % year-on-year in the reporting period (2,225 tonnes in 2021).</p> <p>For more details, see the E – Environmental section (Waste Management subsection) of this Report.</p>
	Greenhouse gas emissions	B.3.1. Greenhouse gas emissions (Scope 1)	<p>Scope 1 emissions, in absolute terms, as a percentage, and over time (difference)</p>	<p>In 2022, Scope 1 emissions amounted to 158,823 tonnes of CO₂ equivalent (9.63 % of the total GHG emissions). In the reporting period, Scope 1 emissions per net value added were 0.531 tonnes of CO₂ equivalent per RUB 1 million of net value added.</p> <p>Scope 1 emissions decreased by 8.33 % year-on-year in the reporting period due to a lower consumption of major fossil fuels.</p> <p>For more details, see the E – Environmental section (Emission Management subsection) of this Report.</p>

¹ The Russian legislation currently has no definition of waste with hazardous characteristics. Waste can be categorised into five environmental and four human health Hazard Categories. The total includes waste of environmental Hazard Category 1–4; no records are made for human health Hazard Categories.

Area		Indicators	Calculation methodology	Rostelecom Group's performance indicators in 2022
		B.3.2. Greenhouse gas emissions (Scope 2)	Scope 2 emissions, in absolute terms, as a percentage, and over time (difference)	<p>In 2022, Scope 2 emissions amounted to 1,419,476 tonnes of CO₂ equivalent (86.1% of the total GHG emissions). In the reporting period, Scope 2 emissions per net value added were 4.743 tonnes of CO₂ equivalent per RUB 1 million of net value added.</p> <p>Scope 2 emissions decreased by 3 % year-on-year in the reporting period due to lower electricity and heat consumption.</p> <p>For more details, see the E – Environmental section (Emission Management subsection) of this Report.</p>
B.4	Chemicals, including pesticides and ozone-depleting substances	B.4.1. Chemicals, including pesticides and ozone-depleting substances	The total volume of ozone-depleting substances (ODS) (bulk chemicals / substances in pure form or as a mixture) per unit of net value added	The Group does not use ozone-depleting substances.
B.5	Energy consumption	B.5.1. Renewable energy	The share of renewable energy in the total final energy consumption	<p>Renewable energy may include:</p> <p>Self-generation – solar installations (33 units), hybrid wind and solar installations (82 units), and micro turbines (19 units). The share of renewables in the total energy consumption is less than 0.1%.</p> <p>Heat generation from combustion of biomass (firewood and fuel briquettes), at 12,054 thousand kWh in 2022 (0.28 % of the total energy consumption).</p> <p>Purchased grid electricity from hydropower plants and other renewable sources: as electricity suppliers do not provide data on its origin, its share in the total energy consumption is unknown. Therefore, it is obtained by calculation: electricity consumption in each federal district of Russia is multiplied by the percentage of renewable electricity in this district; the share of renewable electricity consumed by the Group in 2022 was 426,282 thousand kWh (13.4 % of the total electricity consumption, 9.9 % of the total energy consumption). The data for calculating energy consumption in each federal district are taken from Rosstat's website¹ (the share varies from 0 % to 61 %, the average share of electricity generated from renewable sources in Russia is 19 %).</p> <p>For more details, see the E – Environmental section (Energy Efficiency subsection) of this Report.</p>
		B.5.2. Energy efficiency	Energy consumption per unit of net value added	<p>In 2022, the total energy consumption amounted to 4,316,761 thousand kWh.</p> <p>In the reporting period, energy consumption per net value added was 15.85 thousand kWh per RUB 1 million of net value added.</p> <p>For more details, see the E – Environmental section (Energy Efficiency subsection) of this Report.</p>
C	Social indicators			
C.1	Gender equality	C.1.1. Proportion of women in managerial positions	The number of women in managerial positions relative to the total headcount (full-time employees)	<p>The proportion of women in managerial positions was 34 % in 2022.</p> <p>For more details, see the Rostelecom for Employees section (Breakdown of Employees subsection) of this Report.</p>
C.2	Human capital	C.2.1. Average hours of training per year per employee	The average number of training hours per year per employee (as the total number of training hours per year divided by the total number of employees), possibly by employee category	The average amount of training received by employees in 2022 was 32.2 hours per employee.
		C.2.2. Expenditure on employee training per year per employee	Direct and indirect training costs (including trainers and teachers' fees, training supplies and materials, training equipment, and related travel expenses) per year per employee, possibly by employee category	Direct and indirect training costs in 2022 were RUB 5,650 per employee. ¹

¹ Rosstat's data for 2021 <https://www.gks.ru/folder/11189>.

Area		Indicators	Calculation methodology	Rostelecom Group's performance indicators in 2022
C.3	Employee health and safety	C.2.3. Employee wages and benefits by employment type and gender	The total payroll (wages, benefits package, and other compensations) divided by the total revenue for the reporting period	The Group's total payroll in 2022 amounted to RUB 111.2 billion (18.22% of the Group's revenue). For more details, see the Rostelecom for Employees section (Remuneration and Incentives subsection) of this Report.
		C.3.1. Expenditures on employee health and safety as a proportion of revenue	The total expenditures on health and safety and healthcare programmes funded directly by the Company and all expenditures incurred to improve working conditions and address health and safety issues in the reporting period divided by the total revenue for the same period	The total expenditures on health and safety amounted to RUB 934 million in 2022 (down 44,3% year-on-year), which is equivalent to 0.16% of the Group's revenue. For more details, see the Rostelecom for Employees section (Ensuring Workplace Safety subsection) of this Report.
		C.3.2. Frequency/incident rates of occupational injuries	Injury frequency rate: the number of new injuries divided by the total number of hours worked by employees in the reporting period; lost time injury frequency rate: the total amount of lost time accident days expressed as the number of hours divided by the total number of hours worked by employees in the reporting period	In 2022, injury frequency rate was 0.31 per 1,000 employees. ² Due to historical and legal reasons, injury frequency rate in the communications industry is calculated as the number of incidents divided by 1,000 employees. Lost time accident days – 2,711 ³ (down 16.6%). For more details, see the Rostelecom for Employees section (Ensuring Workplace Safety subsection) of this Report.
		C.4.1. Percentage of employees covered by collective agreements	The number of employees covered by collective bargaining agreements relative to the total headcount (full-time employees)	100%
D	Institutional indicators			
D.1	Corporate governance disclosure	D.1.1. Number of board meetings and attendance rate	The number of Board meetings in the reporting period and the number of Board members attending all Board meetings in the reporting period divided by the total number of Board members multiplied by the number of Board meetings in the reporting period	In 2022, the Board of Directors had 14 meetings ⁴ (2 meetings in person and 12 meetings in absentia). The number of Board members attending all Board meetings in the reporting period divided by the total number of Board members multiplied by the number of Board meetings in the reporting period – 14. For more details, see the Corporate Governance section of this Report.
		D.1.2. Number and percentage of female board members	The number of women on the Board of Directors in relation to the total number of Board members	With one woman serving on PJSC Rostelecom's Board in 2022, the percentage of female board members was 9.1%. In subsidiaries and affiliates, the percentage of female board members was 14%.
		D.1.3. Board members by age range	The number of Board members by age category (e.g. under 30 years old, 30–50 years old, over 50 years old)	The average age of the Board members was 54.7 years, the average tenure on the Board of Directors was 6.1 years. Members of PJSC Rostelecom's Board of Directors by age group (as at 31 December 2022): under 30 years old – 0 30–50 years old – 4 over 50 years old – 7

¹ Data for PJSC Rostelecom.

² Data for PJSC Rostelecom.

³ Data for PJSC Rostelecom.

⁴ Data for PJSC Rostelecom.

Area		Indicators	Calculation methodology	Rostelecom Group's performance indicators in 2022
D.2	Anti-corruption practices	D.1.4. Number of meetings of audit committee and attendance rate	The number of meetings of the Board of Directors during the reporting period and the number of members of the Audit Committee attending all meetings of the Audit Committee during the reporting period divided by the total number of members of the Audit Committee multiplied by the number of the Audit Committee meetings during the reporting period	In 2022, PJSC Rostelecom's Audit Committee held 5 meetings in absentia. For more details, see the Corporate Governance section of this Report.
		D.1.5. Total remuneration and remuneration per member of the board of directors and management	The total remuneration for the year (including base salary and variable remuneration) awarded to each executive and non-executive director	Information is partially not disclosed in accordance with the Decree of the Government of the Russian Federation No. 1102 as of 4 July 2023
		D.2.1. Amount of fines paid or payable due to settlements	The total monetary value of paid and payable corruption-related fines imposed by regulators and courts in the reporting period	No corruption-related administrative fines were imposed in the reporting period.
		D.2.2. Average hours of training on anti-corruption issues per year per employee	The average number of anti-corruption training hours per employee per year (the total number of anti-corruption training hours per year divided by the total number of employees)	All PJSC Rostelecom's new hires working at automated workstations take a 45 min induction course on the Code of Ethics, including an anti-corruption section. In 2022, more than 7,500 Rostelecom employees successfully completed the online Code of Ethics course and passed end-of-course tests. PJSC Rostelecom employees in positions exposed to corruption risk need to take additional advanced training on corruption prevention and anti-corruption in either classroom (2 hours) or remote (1.5 hours) environments, once every two years. In 2022, about 4,500 employees successfully completed the course.

6.1.4. SASB ACCOUNTING METRICS

Disclosure	Accounting Metric	Section of the Report
TC-IM-130a.1 TC-TL-130a.1 TC-SI-130a.1	(1) Total energy consumed	Energy Consumption
TC-IM-130a.2 TC-SI-130a.2	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	Water consumption
TC-IM-230a.2 TC-TL-230a.2 TC-SI-230a.2	Description of approach to identifying and addressing data security risks, including use of third-party cybersecurity standards	Annual Report, Information Security Cluster
TC-IM-330a.2 TC-SI-330a.2	Employee engagement as a percentage	HR management assessment
TC-IM-330a.3 TC-SI-330a.3	Percentage of gender and racial/ethnic group representation for (1) management, (2) technical staff, and (3) all other employees	Breakdown of employees
TC-TL-440a.1	(1) Materials recovered through take back programs, percentage of recovered materials that were (2) reused, (3) recycled, and (4) landfilled	Responsible Consumption
TC-TL-000.A	Number of wireless subscribers	Annual Report, Residential Segment (B2C)
TC-TL-000.D	Network traffic	Annual Report, Residential Segment (B2C)

6.1.5. GLOSSARY

5G	The fifth generation of mobile technology achieving higher bandwidths than 4G, driving greater mobile availability, extremely reliable large-scale networking of devices, lower latencies, bandwidths of 1 Gbps–2 Gbps, and lower energy consumption by batteries. 5G adoption will drive the expansion of the Internet of Things
AC	Audit Committee
ACRA	Analytical Credit Rating Agency
AD	Administrative Department
AGSM	Annual General Shareholders' Meeting
AI	Artificial intelligence
AMR	Automated meter reading
ARPU	Average revenue per user
B2B	Business-to-business
B2C	Business-to-consumer
B2G	Business-to-government
B2O	Business-to-operator
BDD	Bridging the Digital Divide
Big data	Large amounts of varied structured and unstructured data efficiently processed by horizontally scaled software tools
bn	Billion
Broadband	Broadband internet access
BVS	Balanced ventilation system
CAPEX	Capital expenditures
CCTV	Closed circuit television
CDN	Content Delivery Network
CENTR	Council of European National Top-Level Domain Registries
CEO	Chief Executive Officer
CGC	Corporate Governance Committee
CLS	Core live sub
CO	Carbon monoxide
CO2	Carbon dioxide

CoP	Communication on Progress
Corporate social responsibility	A concept according to which organisations take into account the interests of society, taking responsibility for the impact of their activities on companies and other public stakeholders
CPI	Consumer price index
CTF (Capture the Flag)	Team hacking competitions where the key objective is to capture the opponent team's "flag"
cu m	Cubic metre
CVS	Cloud video surveillance
Data centre	Data processing centre
Digital Economy	The Digital Economy of the Russian Federation programme approved by the Russian Government's Decree dated 28 July 2017
ECD	External Communications and Corporate Social Responsibility Department
Employee engagement	Emotional and intellectual commitment of employees to go above and beyond in doing their job
EMS	Environmental management system
eNPS (Employee Net Promoter Score)	A method to measure employee loyalty
EUR	Euro
EOC	Environmental operational control
ESG	Environmental, social, and corporate governance
FASIE	Foundation for Assistance to Small Innovative Enterprises
FCF	Free cash flow
FOCL	Fibre-optic communications line
FPS	Faster Payments System
Gamification	Application of gaming approaches that are widely used in computer games in non-game contexts to engage people in solving practical tasks and using products and services, and to strengthen customer loyalty
Gbps	Gigabits per second
Gcal	Gigacalorie
GEI	Gender-Equality Index
GHG	Greenhouse gases
GLF	Global Leaders' Forum
GRI Standards (The Global Reporting Initiative)	The GRI Sustainability Reporting Guidelines offer an international standard for the preparation of voluntary sustainability reports by organisations
GSM	Global System for Mobile Communications
GVA	Gross value added

GWh	Gigawatt hour
Hackathon	An event in which software developers collaborate to solve a problem
HEI	Higher education institution
HR	Human resources
HRM	Human resource management
HSE	Health, safety, and environment
IaaS	Infrastructure-as-a-Service
ICC	Industrial competence centre
ICS	Internal control system
ID	Identity document
IFRS	International Financial Reporting Standards
IIC	Industry IoT Consortium
IIDF	Internet Initiatives Development Fund
ILO	International Labour Organization
Internet of Things (IoT)	A global network of physical devices ("things") that are connected to the internet, equipped with sensors, and able to transfer data
IP	Internet Protocol
IPTV	A system through which television services are delivered using the internet protocol suite over a packet-switched network such as a local area network or the internet
IQHR	Intelligent IT system for recruitment
ISO	International Organization for Standardization
IT	Information technology
ITU	International Telecommunication Union
IVR	Interactive voice response
kg	Kilogramme
KPI	Key performance indicator
kWh	Kilowatt-hour
l	Litre
LED	Light-emitting diode
LNG	Liquefied petroleum gas
LTE	Long-term evolution
m	Million



M&A	Mergers and acquisitions
MBO	Management by objectives
MHz	Megahertz
MIPT	Moscow Institute of Physics and Technology
MPMN	Modern and Promising Mobile Networks
MSW	Municipal solid waste
NACC	National Association of Contact Centers
NCIT	New communication internet technologies
NCR	National Credit Ratings
NGO	Non-governmental organisation
NO	Nitrogen monoxide
NO2	Nitrogen dioxide
NPO	Non-profit organisation
NPS (Net Promoter Score)	An index reflecting consumer loyalty to a product or company (likelihood to recommend) and used to gauge repurchase intent
NRC	Nomination and Remuneration Committee
NVA	Net value added
O2O	Rostelecom's project, Operator-to-operator, aimed to offer network infrastructure support, operation, and development services to other operators
ODS	Ozone-depleting substances
OHMS	Occupational Health Management System
OIBDA	Operating income before depreciation and amortisation
OPEX	Operating expenses
OS	Ordinary shares
OTT	Over-the-top
Outsourcing	An agreement in which one organisation contracts another one, which has expertise in a needed area, to be responsible for certain types of operations or functions
p.p.	Percentage point
Pay TV	Subscription-based television services provided by both analogue and digital cable and satellite television as well as via digital terrestrial and internet television
PBX	Private branch exchange
PCR	Polymerase chain reaction
PJSC	Public joint stock company
PPE	Personal protective equipment

PSU	Power supply unit
PUE	Power Usage Effectiveness
PVC	Polyvinyl chloride
R&D	Research and development
RAEC	Russian Association for Electronic Communications
RAS	Russian Accounting Standards
RCC	Regional Commonwealth in the Field of Communications
Regions of operation	Regions where the organisation has production facilities and key employees
RID	Russian Institute of Directors
RMS	Risk management system
ROIC	Return on invested capital
RSPP	The Russian Union of Industrialists and Entrepreneurs
RUB	Russian rouble
SASB	Sustainability Accounting Standards Board
SC	Strategy Committee
SIA	Social Impact Award
SLA (Service Level Agreement)	An agreement on service level between the customer and the service provider containing a description of the service, its quality, and each party's rights and responsibilities.
Smart City	A project aimed at making Russian cities more competitive, improving the efficiency of city management, and creating a safe and comfortable environment for urban residents
Smart Home	A high-tech solution for integrating diverse household systems under artificial intelligence control
SMEs	Small and medium-sized enterprises
SO2	Sulphur dioxide
Soft skills	A cluster of non-technical abilities that are cross-cutting across jobs and are important for one's career as they are used by employees to successfully engage in a working process and enhance their labour productivity
sq m	Square metre
Stakeholder	An individual, group, or entity that can be affected by the Company and/or that can affect the Company
Subscriber	An individual or an entity with a valid contract who has used any service entailing data traffic, a subscription fee, or a service charge in the past six months
Sustainability	Societal development that meets the needs of the present generations without compromising the ability of future generations to meet their own needs
t	Tonne

TLD	Top-level domain
TSR	Total shareholder return
TV	Television
UBS	Unified Biometric System
UCE	Unified centre of excellence
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UN SDGs	The 17 Sustainable Development Goals and 169 targets that all members of the United Nations agreed to achieve by 2030
VAT	Value added tax
VDI	Virtual desktop infrastructure
VHI	Voluntary health insurance
Virtual PBX	A service which allows IP telephony operators to replace traditional on-premise telephony hardware
VPN / IP VPN (Virtual private network)	A virtual private network for expanding a dedicated network through a public network (the internet), enabling desktops to send and receive data via a shared or public network as if the desktop was directly connected to the private network, while taking advantage of the public network functionality, security policy, and management capabilities
Wi-Fi	Wireless local area networking (WLAN) of devices
WLAN	Wireless local area networking
xDSL	Digital subscriber lines

GRI
(2-28)

6.1.6. MEMBERSHIP
OF ASSOCIATIONS

Name	Date of admission	Type of membership
Association for Educational, Scientific, and Business Collaboration between Educational Institutions, Businesses, and Organisations in the Telecommunications Industry Sodeystviye	1992	Member
Regional Commonwealth in the Field of Communications (RCC)	1997	Member
International Telecommunication Union (ITU)	1999	Member of the ITU Telecommunication Standardisation Sector
Union of InfoComm Design Engineers ProjektSvyazTelekom	2011	Member
Russian Institute of Directors	2011	Member
Innovation and R&D Directors Club	2012	Member
National Association of Procurement Institutes	2012	Member
NATIONAL RADIO ASSOCIATION	2012	Member
Association of Electronic Document Communications	2013	Member
Media Communication Union	2014	Member
ASSOCIATION OF CABLE TV OF RUSSIA	2014	Member
International Cable Protection Committee (ICPC)	2014	Member
Anti-corruption Charter of Russian Business	2014	Signatory
National Association of Contact Centres (NACC)	2015	Member
Industry IoT Consortium (IIC)	2015	Member
Russian Association for Electronic Communications (RAEC)	2015	Member
Construction Association (Association of Self-Regulatory Organisations)	2017	Member
Autonomous Non-profit Organisation Digital Economy	2017	Member
Russian Union of Industrialists and Entrepreneurs (RSPP)	2017	Member
FinTech Association	2017	Member
Internet of Things Association	2018	Member
TM Forum	2018	Member
ITW Global Leaders' Forum (GLF)	2019	Member
Big Data Association	2019	Member
SRO Association CENTRIZYSKANIYA	2019	Member
Competition Experts Association (CEA)	2021	Member

6.1.7. AWARDS

Responsible business practice awards

Corporate governance rating assigned by the Russian Institute of Directors (RID):¹ 7++ – advanced corporate governance practice.

For the third year in a row, Rostelecom topped the national Anti-corruption Ranking of Russian Business.

Sustainability and reporting awards

In 2022, Rostelecom was ranked 43rd among Russian companies in the Expert magazine's sustainability ranking.

Rostelecom is also included in the two sustainability indices of the Moscow Exchange and the Russian Union of Industrialists and Entrepreneurs. The Company topped the ESG indices compiled by the RSPP in 2022, namely the Responsibility and Transparency Index and the Sustainable Development Vector Index.

Rostelecom made it to the top of the Corporate Philanthropy Leaders ranking – the most prestigious social activity competition for Russian businesses. The Company was named the best in Group A – Best Practice.

In early 2022, our gender equality efforts earned global recognition as Rostelecom was included in Bloomberg's 2022 Gender-Equality Index – for the second year in a row.

PJSC Rostelecom's ABC of the Internet project became the champion at the World Summit on the Information Society Prizes 2023 international competition in the AL C4 category: Capacity Building (Action Line C4 Capacity Building).

Rostelecom ranked fourth (first place corresponds to the lowest environmental impact) among the largest holdings in AK&M's 2022 social performance rating of the largest Russian companies.

According to AK&M, Rostelecom's sustainability reporting rating was RESG1 in 2022, the highest level of sustainability disclosure in the Company's public reports.

In September 2022, AK&M affirmed Rostelecom's top sustainability reporting rating.

Human capital development awards

According to hh.ru, Rostelecom ranked among the top 10 employers in Russia in the Largest Companies category, was named the best employer in the telecommunications industry (eighth place in the overall ranking), ranked first among telecom companies in a job seeker survey and second in the Most Advanced HR Processes subranking.

Rostelecom was named platinum employer in the Forbes ranking.

Rostelecom's Internship for Students at the Cyber Attack Monitoring and Response Centre project received a special Community Choice award at GRADUATE AWARDS 2022.

¹ Affirmed in January 2021.

Awards for supporting and developing the regions of operation

In November 2022, Rostelecom received the highest score in the Corporate Philanthropy Leaders ranking compiled by the Donors Forum association.

Rostelecom's Digital Region project came second in the Best Corporate Social Investment Programme in the Area in Terms of Sustainability and Business Strategy category of the Corporate Philanthropy Leaders project.

Product innovation and customer service awards

In 2021, Rostelecom was the leader¹ in the B2B broadband market by revenue and number of subscribers (49% of the market).

In 2021, Rostelecom became the market leader² by number of Virtual PBX subscribers, growing its customer base by 37% from 2020.

In April 2022, Rostelecom confirmed its leadership in the public Wi-Fi access market, according to a ranking by TMT Consulting.

In July 2022, Rostelecom strengthened its leading position in the data centre market, according to CNews Analytics.

According to TelecomDaily's study of the cloud video surveillance (CVS) market, Rostelecom gained the leadership position by number of installed CVS cameras with a market share of 28%.

According to the independent consultancy J'son & Partners Consulting, Rostelecom was the market leader in 2021 by number of subscribers (36.6% of all B2B subscribers) and total revenue from Pay TV services in the B2B segment.

In 2021, Rostelecom Group topped the ranking of Russian cloud Infrastructure-as-a-Service (IaaS) providers according to iKS-Consulting.

¹ According to the independent agency TMT Consulting.

² According to the independent agency TMT Consulting.

6.1.8. SUSTAINABILITY REPORT FEEDBACK FORM

Dear Reader,

You have just read Rostelecom Group's Sustainability Report 2022.

We strive to maintain the most transparent and honest dialogue with all stakeholders, and we would be grateful for your responses to a few simple questions below to help us improve the Company's reporting quality.

Which stakeholder group are you in?

☐

 Shareholder

☐

 Investor

☐

 Employee

☐

 Partner/contractor/supplier

☐

 Customer

☐

 Government authority representative

☐

 NGO / local community member

☐

 Environmental organisation member

☐

 Mass media member

☐

 Academic/expert community member

☐

 Other group: _____

1. Did the Report provide you with meaningful information on the issues you are concerned with?

☐

 Yes, fully

☐

 Yes, partially

☐

 No

☐

 I have just skimmed the Report

2. Which information included in the Report was of most interest to you?

3. Which information did you find the least interesting?

4. Which topics of interest to you are missing from the Report?

5. Please rate this Report on the following criteria:

5 – excellent

4 – good

3 – satisfactory

2 – poor

? – not sure

	1	2	3	4	5
Overall impression	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Completeness of the information you are interested in	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Accuracy and objectivity of information	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Clarity and ease of understanding	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Structure and convenience of information search	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Appearance and design	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

6. How can we improve?

7. Other comments and suggestions for the Report:

8. If you would like us to respond to your comments, please leave your contact details:

Name: _____

Organisation: _____

Position: _____

Phone/e-mail: _____

THANK YOU FOR YOUR FEEDBACK!

For the digital version of the feedback form, please use this QR code:



Digital version of the feedback form (website): <https://www.company.rt.ru/social/report/anketa2022.php>

Rostelecom's website: www.company.rt.ru/en/

Please send your feedback to csr@rt.ru

Rostelecom's social media accounts:

Vkontakte: <https://vk.com/rostelecom>

YouTube: <https://www.youtube.com/user/rostelec>

Odnoklassniki: <http://ok.ru/rostelecom.official>

Flickr: https://www.flickr.com/photos/rostelecom_photostream/